

Compañía Española de Petróleos, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2022
and Consolidated Directors' Report,
together with Independent Auditor's
Report

*Translation of a report originally issued in Spanish
based on our work performed in accordance with the
audit regulations in force in Spain. In the event of a
discrepancy, the Spanish-language version prevails.*

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations 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 pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement 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 opinion thereon, and we do not provide a separate opinion on those risks.

Assessment of the carrying amount of exploration and production assets

Description

As described in Notes 8 and 10 to the accompanying consolidated financial statements, at 31 December 2022 the Group had intangible assets and property, plant and equipment allocated to the exploration and production segment with carrying amounts of EUR 7 million and EUR 380 million, respectively. Those assets are allocated to the cash-generating units as indicated in Note 13 to the accompanying consolidated financial statements.

In addition, as indicated in Notes 5 and 35 to the accompanying consolidated financial statements, the Group reclassified as held for sale the assets and liabilities relating to its ownership interest in the Satah Al Razboot ("SARB") and Umm Lulu ("ULL") concession, together with its investment in Abu Dhabi Oil Co. Ltd. ("ADOC") for a carrying amount at 2022 year-end of EUR 1,101 million, since a process for their sale had been initiated and certain conditions precedent and local authority approvals had not yet been fulfilled and obtained, respectively, at the date of this auditor's report.

At least once a year, management performs an impairment test on each of the cash-generating units in this segment. The analysis of the recoverability of the aforementioned assets requires management to make significant judgements and estimates in order to calculate the future cash flows.

As indicated in Note 13.3 to the accompanying consolidated financial statements, the Group tested its assets and cash generating units for impairment at the end of the reporting period or, provided there were circumstances that so required, management reviewed its expectations of oil and gas prices, adjusting the price trend projections defined at 2021 year-end to adapt them to the new scenario with a view to performing the impairment calculations.

Procedures applied in the audit

Our audit procedures included, among others, the review of the design and implementation of the relevant controls established by the Group for estimating the fair values of the exploration and production assets, oil and gas prices, discount rates, oil and gas reserves and sales of businesses that may affect the measurement of assets, as well as tests to verify that the aforementioned controls were operating effectively.

We also carried out the following substantive tests:

- Oil and gas selling prices: we determined independently an estimated range of reasonable oil and gas selling prices based on external data obtained and compared this with the oil and gas price trends used by Group to verify that those selling prices were reasonable. We also checked that those estimates had been used uniformly throughout the Group.
- Reserves and production profiles: we evaluated the methods and policies used to estimate Group's reserves and resources and analysed the key assumptions relating to the fields, such as production profiles, investment costs, operating costs, dismantlement costs and the various taxes applicable to each asset. In addition, we obtained the auditor's report of reserves issued by an independent expert in the oil and gas industry on the 2021 reserves and the report prepared on 2022 reserves prepared by Group internal experts. We compared the data in the aforementioned reports with the reserves used by the Group in its estimations, performing a retrospective evaluation thereof to check whether there were any indications of estimation bias over time. Lastly, we evaluated the competence and capability of the Group's internal and external experts to make estimates of volumes relating to oil and gas reserves by reviewing the findings and conclusions of their work, and obtained an understanding of their qualifications, objectivity and experience.

Assessment of the carrying amount of exploration and production assets

Description

The most significant judgements and estimates relate to the projections of future oil and gas prices, costs and investments, discount rates, the estimates of crude oil and gas reserves and the general economic conditions of each of the businesses. Note 13 to the accompanying consolidated financial statements details the key assumptions used in the estimation of those cash flows for the purpose of calculating the impairment of the exploration and production assets. In addition, management performs a sensitivity analysis of the key assumptions which, on the basis of historical experience, are subject to change.

As a result of the aforementioned analyses, Group management recognised and reversed impairment losses in the exploration and production segment for the amounts indicated in Note 13.3.

We determined the aforementioned estimation and valuation processes to constitute a significant matter in our audit as they involve significant judgements and estimates, since significant future changes in the assumptions used could have a significant impact on the consolidated financial statements.

Procedures applied in the audit

- Discount rates: with the assistance of our internal valuation experts, we evaluated the discount rates used by the Group and whether the risks pertaining to specific countries and the related tax adjustments were reasonably reflected in them.

Also, in relation to the method used to calculate the impairment of exploration and production assets, we confirmed that the key assumptions were adequately supported, and principally those relating to revenue, investment costs and operating costs, and that they were consistent with the budgets approved. In addition, we checked that the valuations made were consistent with the estimations carried out by the Group and evaluated, together with our internal valuation experts, the appropriateness of the methodology used by the Group in the valuation models.

Also, in relation to the potential sale of the ownership interest in the SARB and ULL concession and the investment in ADOC, we obtained and analysed the contractual documentation, placing special emphasis on the transfer of the associated risks and the conditions precedent in order to determine the date on which the sale should be recognised, verifying that the sale was highly probable and the assets were available for immediate sale in their present condition, and that the Group had measured the non-current net assets classified as held for sale at the lower of their carrying amount and their fair value less costs of disposal.

Lastly, we checked that the notes to the accompanying consolidated financial statements contained the disclosures required in connection with the assessment of the recoverable amount of these assets by the regulatory financial reporting framework applicable to the Group.

Recoverability of tax assets

Description

As indicated in Note 26.3 to the consolidated financial statements, the consolidated balance sheet as at 31 December 2022 includes deferred tax assets amounting to EUR 1,332 million, of which EUR 814 million relate to tax assets (mainly tax loss and tax credit carryforwards), that will be recoverable in the context of the Spanish tax group headed by the Parent.

At the end of the year management prepares financial models to assess the recoverability of the deferred tax assets recognised, taking into consideration new legislative developments and the most recently approved business plans. The recoverability of the deferred tax assets relating to losses incurred and of the tax credits is based on the conclusion reached by management in relation to the probability that there will be sufficient future taxable profits to make it possible to offset these deferred tax assets. Also, as indicated in Note 26.3 to the consolidated financial statements, the changes in these assets included, among others, the partial reversal of the tax assets arising from the impairment of the investment in the Coastal Group companies, since the liquidation process of Cepsa Energy Company International S.L.U was completed in 2022.

We identified this matter as one of the most significant in our audit since the preparation of these models requires a significant level of judgement, largely in connection with the projections of business performance, which affect the estimate made of the recoverability of the tax assets.

Procedures applied in the audit

Our audit procedures included, among others, obtaining an understanding of, and reviewing, the Group's processes for assessing the recoverability of the deferred tax assets, including the review of the design and implementation of the relevant controls established in respect of the data and assumptions used in the analysis, as well as tests to verify that the aforementioned controls were operating effectively.

In addition, we reviewed the aforementioned financial models, including their clerical accuracy, that the key assumptions included in the business plans were adequately supported by the approved budgets and the reasonableness thereof based on the current circumstances of the Group and the expectations as to its potential future performance, as well as the consistency of those financial models with those used in other areas of estimation, such as the impairment test on the Group's exploration and production assets. We also reviewed the tax legislation applicable to the deferred tax assets recognised. Also, we involved our internal experts from the tax area in the analysis of the reasonableness of the principal tax assumptions considered in relation to the treatment of the deductibility of impairment losses on the investments made in the Coastal Group.

Lastly, we evaluated whether Note 26 to the accompanying consolidated financial statements contained the disclosures required in this connection by the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

- a) Solely checking that the consolidated non-financial information statement has been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.
- b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2022 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors 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 Parent's directors 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 have 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 the audit regulations in force 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.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on the following pages, forms part of our auditor's report.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Javier Medrano Domínguez

Registered in ROAC under no. 22.892

2 March 2023

Appendix I to our auditors' report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism 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 the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors 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 Parent's directors 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 Parent's directors, we determine those risks 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.

CONSOLIDATED FINANCIAL STATEMENTS

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

for the year ended December 31, 2022

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Consolidated Balance Sheet

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)
Consolidated Balance Sheet at December 31st, 2022 and 2021

		€ Thousand	
Assets	Notes	2022	2021
<i>Non current assets</i>			
Intangible assets, net	Note 8	658,429	419,731
Consolidated goodwill, net	Note 9	107,064	105,263
Property, plant and equipment, net	Note 10	4,183,188	5,567,942
Right of use, net	Note 11	667,108	661,586
Investments in equity accounted investees	Note 7.1	305,231	290,284
Non-current financial assets	Note 12	164,813	120,527
Deferred tax assets	Note 26.3	1,331,572	943,222
Total non-current assets		7,417,405	8,108,555
<i>Current assets</i>			
Inventories	Note 14	4,075,634	3,024,589
Trade and other receivables	Notes 12 and 15	2,588,378	2,293,845
Other current assets	Note 15	366,441	174,464
Other current financial assets	Note 12	192,631	231,467
Cash and cash equivalents	Note 16	476,176	657,053
Assets held for sale and discontinued operations	Note 5.2	1,756,548	160,266
Total current assets		9,455,808	6,541,684
Total assets		16,873,213	14,650,239
Shareholders' Equity and Liabilities		2022	2021
<i>Equity</i>			
Share capital	Note 17.1	268,175	268,175
Share premium	Note 17.1	351,581	351,581
Revaluation reserve	Note 17.2	90,936	90,936
Retained earnings	Note 17.3	2,745,111	2,648,145
Profit attributable to equity holders of the parent		1,099,662	660,953
Adjustments for changes in value	Note 17.4	150,516	150,054
Total equity attributable to shareholders of the parent		4,705,981	4,169,844
Non-controlling interest	Note 17.7	126,339	137,500
Total equity		4,832,320	4,307,344
<i>Non-current liabilities</i>			
Deferred tax liabilities	Note 26.3	459,171	639,315
Capital grants	Note 19	11,314	25,274
Employee defined benefit liabilities	Note 21	80,908	42,443
Provisions	Note 21	326,808	425,642
Non-current financial liabilities	Note 18	2,678,122	3,266,116
Leases liabilities, non-current	Notes 18 and 24	531,963	552,140
Other non-current liabilities	Notes 18 and 22	285,508	477,509
Total non-current liabilities		4,373,794	5,428,439
<i>Current liabilities</i>			
Leases liabilities, current	Notes 17 and 24	162,754	135,058
Current financial liabilities	Notes 18 and 24	553,659	149,497
Trade payables	Note 22	3,827,661	2,819,835
Other current liabilities	Note 22	2,467,218	1,683,665
Liabilities held for sale and discontinued operations	Note 5.2	655,807	126,401
Total current liabilities		7,667,099	4,914,456
Total equity and liabilities		16,873,213	14,650,239

(The accompanying Notes 1 to 35 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 at December 31st, 2022 and 2021

		€ Thousand	
	Notes	2022	2021
Sales of goods and rendering of services	Note 6	31,202,239	22,335,065
Excise tax on oil and gas charged on sales		2,244,209	2,196,582
Revenue from contracts with customers	Note 23	33,446,448	24,531,647
Changes in inventories of finished goods and work in progress		459,369	256,530
In-house work on non-current assets	Notes 8 & 10	33,778	37,901
Procurements	Note 23	(25,332,176)	(18,122,161)
Other operating income		91,282	48,333
Staff costs	Note 23	(835,818)	(614,938)
Changes in operating allowances		(122,529)	52,053
Other operating costs:			
Excise tax on oil and gas		(2,246,625)	(2,197,692)
Other operating costs	Note 23	(2,485,472)	(2,037,088)
Net Result from Economic Hedging		29,696	-
Amortization charge	Notes 8,10 & 11	(841,523)	(774,395)
Allocation to profit or loss of grants related to non-finance assets and other	Notes 19 & 23	264,957	107,253
Impairment and gains or losses on disposals of non-current assets	Note 23	(43,402)	172,418
Operating Profit		2,417,985	1,459,861
Share of results of equity accounted investees	Note 7.1	97,684	57,950
Finance income	Note 25	405,029	203,640
Finance costs	Note 25	(578,402)	(344,264)
Impairment and gains or losses on disposals of financial instruments	Note 25	46,596	(6,799)
Consolidated profit before tax		2,388,892	1,370,388
Income tax	Note 26.1	(1,257,193)	(647,745)
Consolidated profit for the year from continuing operations		1,131,699	722,643
Non-controlling interests	Note 17.7	(32,037)	(61,690)
Equity holder of the parent		1,099,662	660,953
Earnings (loss) per share:			
Basic	Note 27	2.05	1.24
Diluted		2.05	1.24

(The accompanying Notes 1 to 35 are an integral part of this Consolidated Income Statement)

Consolidated Overall Income Statement

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)
Consolidated Statement of Comprehensive Income at December 31st, 2022 and 2021

	Notes	2022	2021
€ Thousand			
Consolidated profit for the year		1,131,699	722,643
Items to be reclassified to profit or loss:			
<i>Gains and (losses) arising during the year</i>		(243,072)	39,602
Net changes in cost of hedging	Note 17.4.B	782	11,418
Net (losses) gains on cash flow hedges	Note 17.4.B	(297,621)	(10,802)
Net (losses) gains on net investment hedge	Note 17.4.B	(143,652)	(184,391)
Exchange gains (losses) on translation of foreign operations		87,289	178,832
Tax effect	Note 26.1	110,130	44,545
<i>Reclassification during the year to statement of profit/loss</i>		258,045	44,461
Net (losses) gains on hedge costs	Note 17.4.B	1,566	1,686
Net (losses) gains on cash flow hedges	Note 17.4.B	320,782	12,991
Net (losses) gains on net investment hedge	Note 17.4.B	21,709	42,759
Tax effect	Note 26.1	(86,012)	(12,975)
<i>Other comprehensive income/loss for the year net of tax</i>		14,973	84,063
<i>Total consolidated comprehensive income/loss</i>		1,146,672	806,706
a) Attributable to equity holders of the Parent		1,100,124	740,748
b) Attributable to non-controlling interests		46,548	65,958

(The accompanying Notes 1 to 35 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 at December 31st, 2022 and 2021

€ Thousand

	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	Adjustment s for changes in value	Non- controlling interest	Total
Balance at 01.01.2022	268,175	351,581	90,936	2,648,145	660,953	-	150,054	137,500	4,307,344
Consolidated profit or loss for the period	-	-	-	660,953	(660,953)	-	-	-	-
Consolidated profit or loss for the period	-	-	-	-	1,099,662	-	-	32,037	1,131,699
Other comprehensive income for the period	-	-	-	-	-	-	462	14,511	14,973
Total consolidated comprehensive income	-	-	-	-	1,099,662	-	462	46,548	1,146,672
Changes due to transactions with shareholders									
- Dividend paid	-	-	-	(582,923)	-	-	-	(5,059)	(587,982)
Other changes in equity									
- Capital increase/acquisition of non-controlling interest	-	-	-	(38,296)	-	-	-	(51,422)	(89,718)
- Other variations	-	-	-	57,232	-	-	-	(1,228)	56,004
Total shareholder transactions	-	-	-	(563,987)	-	-	-	(57,709)	(621,696)
Balance at 12.31.2022	268,175	351,581	90,936	2,745,111	1,099,662	-	150,516	126,339	4,832,320
Balance at 01.01.2021	267,575	338,728	90,936	4,095,395	(918,758)		70,259	84,607	4,028,742
Consolidated profit or loss for the period	-	-	-	(918,758)	918,758	-	-	-	-
Consolidated profit or loss for the period	-	-	-	-	660,953	-	-	61,690	722,643
Other comprehensive income for the period	-	-	-	-	-	-	79,795	4,268	84,063
Total consolidated comprehensive income	-	-	-	-	660,953	-	79,795	65,958	806,706
Changes due to transactions with shareholders									
- Dividend paid	-	-	-	(522,551)	-	-	-	(5,005)	(527,556)
- Interim dividend paid for the financial year	-	-	-	-	-	-	-	(8,060)	(8,060)
Other changes in equity									
- Capital increase/acquisition of non-controlling interest	600	12,853	-	(5,905)	-	-	-	-	7,548
- Other variations	-	-	-	(36)	-	-	-	-	(36)
Total shareholder transactions	600	12,853	-	(528,492)	-	-	-	(13,065)	(528,104)
Balance at 12.31.2021	268,175	351,581	90,936	2,648,145	660,953	-	150,054	137,500	4,307,344

(The accompanying Notes 1 to 35 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 at December 31st, 2022 and 2021

	€ Thousand	
	2022	2021
Profit before tax from continuing operations	2,388,892	1,370,388
Depreciation and amortisation charge and impairment losses	833,819	620,567
Changes in provisions for contingencies and costs	265,994	96,221
Grants related to assets and other deferred income	(237,482)	(110,854)
Change in operating allowances	119,824	(39,654)
Finance income and costs	154,578	150,305
Share of results of equity accounted investees	(101,009)	(60,400)
Other changes	(112,289)	211,719
Cash flows generated from operating activities before changes in operating working capital	3,312,327	2,238,292
Changes in operating working capital	(337,999)	(575,184)
MtM Payments/Collections derived from camera	(28,673)	-
Dividends received	22,612	14,580
Income tax paid	(1,419,212)	(371,991)
Other cash flows used in operating activities	(1,425,273)	(357,411)
Total cash flows generated from operating activities	1,549,055	1,305,697
Payments		
Intangible assets	(83,508)	(56,791)
Property, plant and equipment	(461,541)	(440,877)
Acquisition of subsidiary, net of cash acquired	(109,961)	(6,632)
Grants received	2,490	3,382
Total payments	(652,520)	(500,918)
Collections		
Property, plant and equipment	4,095	86,357
Finance assets	-	23,496
Total collections	4,095	109,853
Total cash flows used in investing activities	(648,425)	(391,065)
Dividends paid		
To equity holders of the parent	(582,923)	(522,551)
To non-controlling interests	(5,059)	(5,005)
Total dividends paid	(587,982)	(527,556)
Proceeds from borrowings	500,000	429,967
Repayment of borrowings	(724,635)	(1,299,752)
Interest paid	(121,027)	(92,999)
IFRS16 Debt payments	(158,668)	(134,080)
Total cash flows from bank borrowings	(504,330)	(1,096,864)
Total cash flows from financing activities	(1,092,312)	(1,624,420)
Net increase (decrease) in cash and cash equivalents	(191,682)	(709,788)
Effect of changes in foreign exchange rates	10,805	8,434
Cash and cash equivalents at beginning of the period	657,053	1,358,407
Cash and cash equivalents at the end of the period	476,176	657,053
Detail of changes of operating working capital		
Inventories	(772,667)	(760,027)
Trade and other receivables	(498,194)	(1,062,989)
Other current Finance assets	(12,169)	(60,072)
Trade and other payables	945,031	1,307,905
Other changes	-	(1)
Total changes in operating working capital	(337,999)	(575,184)

(The accompanying Notes 1 to 35 are an integral part of this Consolidated Statement of Cash Flows)

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Notes to the Financial Statements for the year-ended December 31, 2022

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 September 26, 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 Trade Registry, Volume 588 of the Companies Book, Sheet 35, Page M-12689, and its Tax Identification Number is A-28003119.

CEPSA shares were owned mainly by two shareholders: "CEPSA Holding, LLC," owner of shares representing 61.36% of the share capital, a company incorporated in the United Arab Emirates and ultimately controlled by Mubadala Investment Company, PJSC ("MIC"), and the company "Matador Bidco, S.À.R.L.," owner of shares representing 38.41% of the share capital, a company incorporated in Luxembourg and ultimately controlled by The Carlyle Group, Inc. (See **Note 17.1**).

CEPSA and its investees (hereinafter "the CEPSA Group") form a diversified business Group which operates in the energy sector 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

The Company's activities, whether carried out in Spain or in other countries, are subject to numerous regulations. Any changes that may arise in applicable legislation can affect the framework in which these activities are carried out and therefore the profits generated by the Company's operations.

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

Petroleum products

In the fuel sector, the fourth additional provision of Law 8/2015, dated May 21, establishes limitations on the expansion of gas station networks belonging to wholesale operators with a provincial market share of more than 30 percent.

The aforementioned Law has also established the possibility for retail operators to supply each other.

The price of petroleum products is liberalized, and with the exception of packaged LPG of more than 8 kg and less than 20 kg with a tare weight exceeding 9 kg, it is subject to maximum retail prices.

The LSH establishes that the wholesale operator with the largest market share in the corresponding mainland and island territories to carry out this home delivery service is obliged to deliver LPG containers weighing between 8 and 20 kilograms to the homes of all petitioners.

According to the Resolution of June 14, 2020, of the Directorate General of Energy Policy and Mines, Atlas S.A., Combustibles y Lubricantes (owned by CEPSA) is obliged to supply bottled liquefied petroleum gas at regulated prices to homes in the cities of Ceuta and Melilla.

Royal Decree-Law 6/2022, dated March 29, created an extraordinary and temporary discount of 20 euro cents per liter/kg on the price of certain energy products from April 1, 2022, to June 30, 2022, which Royal Decree-Law 11/2022, dated June 25, extended until December 31, 2022. In order to help finance the discount, wholesale operators that distribute oil products with refining capacity in Spain and an annual turnover of more than 750 million euros must pay a non-tax public capital contribution. Operators who undertake to unequivocally provide a discount on the sales of the subsidized products to end consumers are not obliged to pay this contribution. This discount is made on the retail price for a minimum amount equivalent to 5 euro cents per liter or per kg. CEPSA undertook to provide the discount.

Royal Decree-Law 20/2022, dated December 27, extends until June 30, 2023, the restriction on the maximum selling price of bottled liquefied petroleum gas established by the Resolution of May 12, 2022, of the General Directorate of Energy Policy and Mines.

Supervisory body

Pursuant to Law 3/2013, dated June 4, creating the Spanish National Markets and Competition Commission (CNMC), the CNMC supervises and controls the energy sector in general and hydrocarbons in particular.

Pursuant to the ninth Additional Provision of the aforementioned law, the Ministry of Ecological Transition (MITECO) supervises operations in the energy sector. As set out in this provision, the acquirer must notify MITECO of certain transactions in the energy sector.

Royal Decree-Law 1/2019, of January 11, transfers powers to the CNMC in order to bring them into line with the requirements derived from European law relating to Directives 2009/72/EC and 2009/73/EC of the European Parliament and of the Council, of July 13, 2009, concerning common rules for the internal market in electricity and natural gas.

Refining

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.

Minimum security stocks

The LSH establishes obligations to maintain minimum security stocks that affect petroleum products and natural gas, given their special importance for maintaining regular economic activity.

Royal Decree 1766/2007, dated December 28, regulates the obligation to maintain minimum security stocks in the oil and natural gas sectors.

In accordance with the aforementioned Royal Decree, the minimum security stock obligation for petroleum products, excluding LPG, is equivalent to 92 days of sales in the previous 12 months. However, this has been reduced since the beginning of the conflict in Ukraine, and by virtue of Order TED/725/2022, dated July 27, it stands temporarily at 84.2 days, of which CEPSA must maintain 42.2 days.

With respect to natural gas, Royal Decree-Law 6/2022 has extended the obligation to maintain minimum stocks established in Royal Decree 1766/2007 from 20 days to 27.5 days of final sales or consumption in the previous calendar year.

Natural gas

With respect to natural gas, the CEPSA Group's natural gas marketing activity is regulated, in addition to the Hydrocarbons Industry Law, by Royal Decree 1434/2002, of December 27, 2002, which regulates the transportation, distribution, marketing, supply and authorization procedures for natural gas facilities.

Electricity sector

The CEPSA Group also operates in the electricity sector as a marketer, producer and representative agent, all of which are regulated by Law 24/2013, of December 26, 2013, on the Electricity Sector, Royal Decree 1955/2000, of December 1, 2000, which regulates the activities of transmission, distribution, marketing, supply and authorization procedures for electricity facilities, and Royal Decree 413/2014, of June 6, 2014, which regulates the activity of electricity production from renewable energy sources, cogeneration and waste.

In relation to natural gas and electricity sales and electricity production, for 2022 we must highlight the following: the entry into force of Royal Decree-Law 6/2022, dated March 29, which adopts urgent measures within the framework of the National Plan addressing the economic and social consequences of the conflict in East Europe, updating the specific remuneration system for electricity production from renewable energy sources, high-efficiency cogeneration and waste; Royal Decree-Law 10/2022, dated May 13, which temporarily establishes a production cost adjustment mechanism to reduce the price of electricity in the wholesale market, regulating the production cost adjustment mechanism to reduce the price of electricity in the wholesale market; Royal Decree-Law 17/2022, dated September 20, which adopts urgent measures in the field of energy, in the application of the remuneration system for cogeneration facilities, and temporarily reduces the Value Added Tax rate applicable to deliveries, imports and intra-Community acquisitions of certain fuels, establishing a waiver of the specific remuneration system for cogeneration facilities for the purposes of applying the mechanism regulated in Royal Decree-Law 10/2022, of May 13; as well as Royal Decree-Law 20/2022, dated December 27, on measures to address the economic and social consequences of the conflict in Ukraine and to support the reconstruction of the island of La Palma and other situations of vulnerability.

Climate change

Law 7/2021 on Climate Change and Energy Transition, of May 22, which aims to ensure Spain's compliance with the objectives of the Paris Agreement and to facilitate the decarbonization of the Spanish economy and its transition to a circular model guaranteeing the rational use of resources, as well as the adaptation to climate change and implementation of a sustainable development model.

The aforementioned Law establishes a number of objectives that must be met at the national level, of which the following should be highlighted:

- the objective of a car and light commercial vehicle fleet with no direct CO₂ emissions by 2050.
- the deployment of the electric vehicle charging system. To this end, it includes the obligation for service station owners to progressively install an electric recharging infrastructure within 21 or 27 months from the entry into force of the regulation, depending on the service station's sales volume. This obligation is enforceable from the law's entry into force for new service stations or those that undertake reforms that require the revision of their administrative title.

Furthermore, the "Hydrogen Roadmap: a Commitment to Renewable Hydrogen" has been approved, with which the Government aims to promote this sustainable energy carrier, important for achieving the goal of climate neutrality by 2050.

Additionally, Royal Decree-Law 6/2002, already mentioned above, has transposed Article 7a of Directive 98/70/EC of the European Parliament and of the Council, dated October 13, 1998, relating to the quality of gasoline and diesel fuels and amending Council Directive 93/12/EEC (FQD Directive), establishing a new mandatory target of a 6 percent reduction in the intensity of greenhouse gas emissions during the life cycle in transport per unit of fuel and energy supplied in transport.

2. Basis of presentation

2.1. Statement of compliance

These 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 December 31, 2022 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 2022 have been prepared by the Board of Directors of Compañía Española de Petróleos, S.A. on March 02, 2023, and will be submitted to the General Shareholders' Meeting for approval. The Board of Directors considers that they will be approved without any change.

The 2021 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 March 15, 2022, and approved without amendment at the General Shareholders' Meeting on March 16, 2022.

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 assured 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 TAXES" 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 Financial Cash Flows.

2.2. Comparative information

The new accounting standards applied by the Group as from January 1, 2022 have not had any significant impact given their nature and scope.

The information contained in these consolidated financial statements for the year 2021 is presented solely for purposes of comparison with the information for the period ended December 31, 2022.

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 December 31, 2021, except for the application of the following standards, interpretations, and modifications, which were applied for the first time as of January 1, 2022:

- Amendments to the IFRS 3 - "Business combinations", to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework.
- Amendment to IAS 16 "Property, plant and equipment", relating to income earned prior to intended use.
- Amendment to IAS 37 on "Provisions, Contingent Liabilities and Contingent Assets" to clarify the costs to be considered when assessing the existence of onerous contracts.
- Annual improvements for the 2018-2020 cycle: IFRS 1 "First-time adoption of IFRS", IFRS 9 "Financial instruments", IFRS 16 "Leases" and IAS 41 "Agriculture".
- Law 18/2022, of September 28, on the creation and growth of companies. On September 28, Law 18/2022, regarding the creation and growth of companies, was published, amending Law 15/2010. Article 9 provides further information that companies must include in their annual financial statements and that they must also publish on their website, if they have a website. However, it does not modify the methodology for calculating the average supplier payment period.
- During the year, the Group has contracted derivatives with the following characteristics: on the basis of which the changes in value and settlements of these derivatives are classified in the Operating Income, in a new specific heading called Net economic hedging income.
 - They are part of an economic hedging strategy on the price or value of a commodity for the company's own use, i.e. they have a physical form behind them that will be part of their operating activities.
 - The Group chooses not to apply hedge accounting.
 - The way in which the derivative is settled does not allow the application of the own-use exemption. These are derivatives that are settled, at their value, independently of the settlement of the hedged transaction.

In these cases, changes in value and settlements of these derivatives are classified within OPERATING INCOME, under a new specific heading called NET RESULT FROM ECONOMIC HEDGING.

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 recorded 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. In this regard, in the definition of the accounting estimates, assumptions and significant adjustments have been considered the scenarios of energy transition and decarbonisation of the economy that are consistent with the objectives of the Paris (COP 21) and Glasgow (COP 26) Climate Summit, especially in the assessment of the recoverable value of assets.

In 2022 there are no significant changes with respect to 2021 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) 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 Proved and Probable (2P) Reserves is considered to calculate amortization charges applying the *Unit of Production Method*. Likewise, 2P Reserves, together with Contingent Resources, in certain occasions, 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 of the Exploration and Production area. Additionally, every two years, the registered volumes are audited by independent specialized firms. The last external audit for Reserves was performed during the first half of 2022 on reserves as of December 31, 2021. 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 13** utilized this new assessment.

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

B) IMPAIRMENT OF ASSETS

At the end of each year, the Group analyzes whether there are indications of impairment (or reversals in the case of assets with accumulated impairment) of the value of its assets or cash-generating units and, if any, tests for impairment by means of the so-called "impairment test", determining the possible existence of losses or increases in value that reduce the recoverable value of such assets to an amount lower than their book value.

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 units¹ (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 13**.

¹ 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.

C) OBLIGATIONS RESULTING FROM THE DECOMMISSIONING OF ASSETS

Obligations for decommissioning of assets used for the production, development, transformation, and sale of hydrocarbons are recorded 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.

Decommissioning 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 in the subsequent adjustments made to represent, inter alia, the passing of time, changes in estimates due to changes 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 revised each year.

The method applied in the calculation of obligations and their recognition in profit or loss are described in **Notes 10 and 21**.

D) INCOME TAX

Deferred tax assets are recorded 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 recorded, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies, as well as the offset period.

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 for each 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 results of claims and contingencies is based on the valuations of the Group's in-house legal and tax counsel and take account of the present situation of the proceedings, applying their overall professional experience. Since the outcome may ultimately be decided by courts, they may be different from the estimates.

The Group relies on the assessment of its legal counsel with regard to the probability that penalties and interest thereon will be applied. Their assessment 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 26**.

E) LIABILITIES FOR PROVISIONS

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, are based on their best professional judgment and take into account the present situation of the proceedings and their overall 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 21**.

F) 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 measurement process for assets and liabilities in Business Combinations requires judgments and estimates by Group management, as indicated in **Note 4.2**.
- Useful lives of tangible and intangible assets (see **Notes 8 and 10**).
- The calculation of the inventory valuation (see **Note 14**).
- 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 is 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 29**). Changes in assumptions about these factors could affect the reported fair value of financial instruments (see **Note 31**).

- The amount of invoices to be received or issued, depending on signed contracts and, where applicable, market price references.
- 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.
- In relation to IFRS 16, it is necessary to analyze whether a lease contract grants control over the use of the leased asset, in order to effectively apply the aforementioned standard and the duration of the contract, including renewals that are considered likely to be exercised.

G) 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: fair 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 December 31 of each year.

The entities directly controlled² by the parent company (Compañía Española de Petróleos, S.A.), or indirectly through a directly controlled entity, are fully consolidated.

Investments in *joint ventures* are consolidated through the *equity method* (see **Note 7**). 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%, 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 that are fully consolidated, 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 ventures, 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 established (see explanation in **Note 5**).

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.

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 (see **Note 9**).

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

Any deferred contingent consideration is recorded 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 recorded under profits.

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 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 recorded 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

Transactions in a currency other than the functional currency of a Group company are converted to the functional currency corresponding to the prevailing exchange rates 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 profits.

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 recorded in profit or loss for the financial year.

However, differences in foreign currency arising from the translation of the following items are recorded in the balance sheet heading Adjustments for changes in value, forming part of OTHER COMPREHENSIVE INCOME (OCI) in the Consolidated Statement of Comprehensive Income:

- an investment in variable income designated as FV-OCI (except for impairment, in which case foreign currency differences recorded under OIC are reclassified under profits);
- 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.

The resulting translation differences, if any, are recorded under OTHER COMPREHENSIVE INCOME in the Consolidated Statement of Comprehensive Income and accumulated under ADJUSTMENTS FOR CHANGES IN VALUE in the EQUITY heading of this 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 profits 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 6 to 28** 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 recorded 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 tangible 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 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 course³, 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/depreciation 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 been used to discover 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 been successfully used to discover proven reserves, the accumulated cost will be transferred³ 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.

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.

At the same time, and for each cash-generating unit (CGU), feasibility analyses are carried out on the basis of the results of the exploration and, where appropriate, the corresponding impairment tests (see **Note 13**) that could affect the net capitalized value of amortizations.

C) DEVELOPMENT COSTS

Expenditure 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 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 analyzes 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, impairment tests are performed if impairment indicator are identified, as indicated in IAS 36.

In all cases, the assets are grouped into CGUs and the criteria set out in **Note 13** are followed. Impairment losses are recorded 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 date⁴.

B) NON-FINANCIAL ASSETS

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic profits 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.

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.

To determine and disclose the fair value of financial instruments by valuation method, the Group uses the following hierarchy (see **Note 31**):

- 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.

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, December 31, 2022:

Amendments to IAS 1 - 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 are effective for periods beginning on or after January 1, 2023 and can be applied prospectively. The Group does not expect any impact as a result of these amendments.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a "change in accounting estimates" with the definition of "accounting estimates". According to the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurement uncertainty". Thus, the definition of change in accounting estimates was eliminated.

However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in the accounting estimate resulting from new information or new developments is not the correction of an error.
- The effects of a change in an input or measurement technique used to develop an accounting estimate are changes in accounting estimates if they are not the result of correcting prior period errors.

These amendments are effective for periods beginning on or after January 1, 2023 and can be applied prospectively. The Group does not expect any impact as a result of these amendments.

Amendments to IAS 12 - Deferred taxes arising from assets and liabilities from a single transaction

Amendment that implies the non-application of the IAS 12 exemption in the initial recording of an asset/liability when the same transaction gives rise to deductible and taxable equivalent temporary differences.

This amendment is effective for annual periods beginning on or after January 1, 2023.

New standard IFRS 17 - Insurance Contracts and subsequent amendments

Replaces IFRS 4 and sets out the principles for recording, measurement, presentation and disclosure of insurance contracts with the objective that the entity provides relevant and reliable information to enable users of financial information to determine the effect that insurance contracts have on the financial statements.

This standard is mandatory for fiscal years beginning on or after January 1, 2023. The Group does not expect significant impacts in the application of this new standard.

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;

- The clauses must be complied with at the close of the period, even if verification of such compliance is not foreseen in the contract until a later date;
- A definition of "settlement of the liability" is included, being the transfer to the counterparty of cash, goods, services or own equity instruments involving the cancellation of the liability.

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 January 1, 2024 and are to be applied retroactively.

Amendment to IAS 16 "Property, plants and equipment" relating to revenue earned before intended use

The modification of the IASB implies that if during the testing period there are sales of any items produced during the installation and tuning process of the asset, the proceeds from the sale of those items shall be recognised, and its cost, in the result of the period.

This standard is mandatory for fiscal years beginning on or after January 2024.

5. Business combinations and changes 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 9**, related to 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 recorded 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 recorded in *OTHER COMPREHENSIVE INCOME* shall be reclassified to consolidated profit or loss, where it would correspond in the event that this interest was sold.*

5.1. Main variations in the scope of consolidation

The variations in the scope of consolidation of the 2022 and 2021 financial years are:

Variation in consolidation perimeter

Year 2022	Full consolidation	Equity method	Year 2021	Full consolidation	Equity method
Cepsa Energy Company International, S.L.U.	E		CCP Hydrocarbures, S.R.A.L.	I	
Cepsa Exploración y Producción, S.L.U.	I		Cepsa Oleos e Gas Do Brasil, LTD	E	
Cepsa Petronuba, S.A.U.	I	E	Chanteiro Renovables, S.L.U.	I	
Gasolinera El Coto, S.L.U.	I/E		Coastal Energy Malaysia SDN BHD	E	
Generación Carteia, S.L.U.	I		Gasib Sociedad Ibérica de Gas Licuado, S.L.U.	I	
Magna Expergere, S.A.U.	E		Gasib Sociedade Iberica de Gás Liquefeito, LDA	I	
Mitra Omega, S.L.U.	I		Intransport Service XXI, S.L.U.	E	
Mitra RO, S.L.U.	I		Magna Expergere, S.A.U.	I	
Mitra TAU, S.L.U.	I		Mitra Alfa, S.L.U.	I	
			Mitra Beta, S.L.U.	I	
			Mitra Delta, S.L.U.	I	
			Mitra Epsilon, S.L.U.	I	
			Mitra Gamma, S.L.U.	I	
			Mitra Iota, S.L.U.	I	
			Mitra Lambda, S.L.U.	I	
			Mitra Médulas, S.L.U.	I	
			Mitra Nu, S.L.U.	I	
			Mitra Omicron, S.L.U.	I	
			Mitra Pi, S.L.U.	I	
			Mitra Sigma, S.L.U.	I	
			Redes Renovables, S.L.U.	I	
			Seselle Renovables, S.L.U.	I	
			Terminal Puerto Tartessos, S.A.		I

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 held, which, together with CEPSA, belong to 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 2022 financial year.

Changes in 2022 include:

- In April 2022 "Cepsa Química, S.A." acquired 27.88% of the shares of "Deten Química, S.A." owned by "Petróleo Brasileiro - Petrobras", reaching a 97.83% stake. The purchase and sale agreement was signed in April 2022, at the same time as the payment of an advance of 29,362 brazilian reais (5,579 thousand euros).

In July 2022 the ownership was effectively transferred to "Cepsa Química, S.A." for 542,890 thousand brazilian reais. and the contract amount was paid, net of the advance payment, i.e. 515,599 thousand Brazilian reais (94,154 thousand euros), including the Brazilian tax on financial transactions. At the same time, 1,666 thousand euros is charged as an increase in the value of the investment as a result of the settlements of the forwards arranged to hedge the exchange rate of the transaction.

On July 6, 2022, based on the Minutes of the Board of Directors approving the distribution of dividends of "Deten Química, S.A.", the amount of the dividends corresponding to the shareholding of "Petrobras" (60,464 thousand brazilian reais, 10,965 thousand euros) was deducted from the investment.

Finally, the contract included a variable portion for the tax credits (earn-out) that the company had prior to the sale, which have been settled and paid during the year (18,750 thousand brazilian reais, 3,765 thousand euros).

- The company "Generación Carteia, S.L.U." is now fully consolidated (in 2021 it was not consolidated).
- The Group has incorporated the company "Cepsa Exploración y Producción, S.L.U.", which is now fully consolidated.
- The Group has incorporated the companies "Mitra Omega, S.L.U.", "Mitra RO, S.L.U." and "Mitra TAU, S.L.U.", which are now fully consolidated.
- The Group acquired the company "Gasolinera del Coto, S.L.U." which was subsequently absorbed by "Cepsa Comercial Petróleo, S.A.U."
- The company "Cepsa Petronuba, S.A.U." is now fully consolidated (in 2021 it was consolidated by the equity method).
- The companies "Magna Expergere, S.A.U." and "Cepsa Energy Company International, Ltd" have been liquidated.

In the changes in the 2021 financial year, noteworthy were the additions due to the commencement of activity of "Gasib Sociedad Ibérica de Gas Licuado, S.L.U.", "Gasib Sociedade Iberica de Gas Liquefeito, LDA", "Magna Expergere, S.A.U.", "Chanteiro Renovables, S.L.U.", "Redes Renovables, S.L.U.", "Seselle Renovables, S.L.U." and "Terminal Puerto Tartessos, S.A.", as well as the other MITRA companies that were fully consolidated. The companies "Cepsa Oleos e Gas Do Brasil, LTD" and "Coastal Energy Malaysia SDN BHD" were liquidated.

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 and BUSINESS COMBINATIONS in the respective tables disclosing the changes of the financial year shown in **Notes 6 to 28**, in each item during the year.

The information contained in this Report for financial year 2021 is presented only for purposes of comparison with information from financial year 2022.

5.2. Divestments

ACCOUNTING POLICIES

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.

*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 2022 and 2021 financial years, there have been no divestments in Group companies.

B) ONGOING DIVESTMENTS — ASSETS HELD FOR SALE

At the Board of Directors' Meeting held on February 4, 2021, authorization was given to initiate the process for the future divestment of 7 electricity and steam cogeneration plants and a combined cycle power plant.

In this regard, at the end of 2021, the assets and liabilities contributed by this business to the Group were removed from its headings by nature in the consolidated balance sheet and were transferred to Assets and liabilities held for sale. After the legal period had elapsed without the sale having materialized, at year-end 2022, the process was reversed and the assets and liabilities were transferred back to their original headings.

On the other hand, in the year 2022, the Group has taken the decision to commence the process of divestiture of its 20% stake in the Satah Al Razboot (SARB) and Umm Lulu concession, comprising the Umm Lulu (ULL), Satah Al Razboot (SARB), Bin Nasher and Al Bateel fields, as well as the 12.88% that it owns in the society "Abu Dhabi Oil Co. Ltd" (ADOC)

and consolidated by the equity method. This process culminated in the signing of the contract for the sale of assets (mainly property, plant and equipment and working capital) on 5 January 2023 (see **Note 35**).

Consequently, as of December 31, 2022, assets and liabilities have been classified as a disposal group of items held for sale.

Companies held for sale - Assets and Liabilities

€ Thousand

Assets	Notes	2022	2021
Intangible assets	Note 8	-	3,362
Property, plant and equipment	Note 10	1,584,371	151,063
Investments in equity accounted investees	Note 7.1	63,826	-
Deferred tax assets	Note 26.3	-	1,986
Account receivables		106,161	3,847
Other assets		2,190	8
Total assets		1,756,548	160,266

Liabilities	Notes	2022	2021
Account payables		-	120,194
Deferred tax liabilities	Note 26.3	376,942	2,359
Provisions for third-party liability	Note 21	154,805	2,951
Other liabilities		124,060	897
Total liabilities		655,807	126,401

6. Segment reporting

The CEPSA Group divides its businesses into three business segments: Energy Solutions, Chemicals, and Exploration & Production. 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:

Net turnover comprises revenues from segment ordinary activities as well as revenues from the services rendered.

Gross Operating Profit/Loss (EBITDA⁵) comprises the revenues and expenses derived from the ordinary operations of the segment. It does not include: amortization, impairment, or the result of disposal of its assets, or financial profits, derivatives of shares consolidated by the equity method, or income taxes.

Gross Adjusted operating profit/loss (adjusted EBITDA) 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 profits (see **Note 6.3**). 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 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.

6.1. Business segment reporting:

The segment information disclosed by the Group in this section is presented in accordance with the disclosure requirements of IFRS 8 Operating Segments.

The definition of the Group's business segments is based on the different activities carried out by the Group, as well as on the organizational structure approved by the Board of Directors for business management. Using these segments as a reference, CEPSA's management team (Management Committee) analyzes the main operating and financial figures to make decisions on the allocation of resources and evaluate the Company's performance.

At the beginning of 2022, CEPSA revised the definitions of its operating and reporting segments to align them with its renewed strategic vision of "Positive Motion" business evolution and commitment to be Net Zero by 2050. Specifically,

⁵ Earnings Before Interest, Taxes, Depreciation and Amortization.

the Company will focus on being a leader in sustainable mobility and energy, building on its leadership as a chemicals supplier and its Exploration & Production portfolio with long-term contracts as a supplier of raw materials for other businesses.

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 Group has not performed segment groupings for the presentation of the information. As a result, CEPSA's reporting segments are defined as follows:

- **Energy Solutions** includes the supply and refining of petroleum products and their export, sale of manufacturing surpluses, trading activities, generation of electricity and steam of conventional and renewable origin, activities that play a very important role in the production processes and sales to industrial customers. It also includes the distribution and marketing of oil and gas products.
- **Chemicals** includes production, distribution, and sale of petrochemical and oleochemical products.
- **Exploration and Production** includes exploration, development, and production of crude oil and natural gas reserves.

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 financial information is presented under this new scheme, and the financial information for the same period in 2021 has been restated to allow for comparative analysis.

The following breakdown shows information as of December 31, 2022 and 2021, by segments the profit adjusted to the management approach and the profit obtained in accordance with IFRS:

€ Thousand								
Segments reporting	Information excluding CCS Adjustments and Non-Recurring Items						Adjustments Non-Recurring Items	Total Consolidated
Year 2022	Energy Solutions	Chemicals	Exploration & Production	Corporation	Intra-Group Eliminations	Total		
Income/(Losses)								
Revenue								
Revenue from external customers	28,168,155	3,454,870	1,821,959	1,464	-	33,446,448	-	33,446,448
Intra-group revenue	3,613,278	1,798,760	10,286	86,427	(5,508,751)	-	-	-
Total Revenue	31,781,433	5,253,630	1,832,245	87,891	(5,508,751)	33,446,448	-	33,446,448
EBITDA	827,641	382,486	1,867,957	(138,629)	-	2,939,455	321,830	3,261,285
Capital Employed	4,165,961	1,507,975	2,293,193	(147,124)	-	7,820,005	462,637	8,282,642

€ Thousand								
Segments reporting	Information excluding CCS Adjustments and Non-Recurring Items						Adjustments Non-Recurring Items	Total Consolidated
Year 2021	Energy Solutions	Chemicals	Exploration & Production	Corporation	Intra-Group Eliminations	Total		
Income/(Losses)								
Revenue								
Revenue from external customers	20,641,760	2,893,477	994,003	2,407	-	24,531,647	-	24,531,647
Intra-group revenue	123,872	969,060	381	69,357	(1,162,670)	-	-	-
Total Revenue	20,765,632	3,862,537	994,384	71,764	(1,162,670)	24,531,647	-	24,531,647
Result (EBITDA)	570,229	460,940	905,002	(121,048)	-	1,815,123	378,570	2,193,693
Capital Employed	4,248,482	1,372,736	1,977,481	48,740	-	7,647,439	105,663	7,753,102

6.2. Geographical segment reporting:

The following is a detail of net sales, net property, plant and equipment, net intangible assets and investments, according to their distribution by geographical segments for financial years 2022 and 2021:

€ Thousand

Geographic segments reporting	Revenues from third parties		Intangible and PPE assets		Additions in intangibles and PPE	
	2022	2021	2022	2021	2022	2021
Spain (*)	22,447,144	14,306,428	3,844,889	3,398,917	909,586	439,714
Rest of European Union	2,764,175	3,577,279	81,093	83,098	8,775	6,660
Africa	1,875,257	1,419,218	335,993	337,152	26,699	26,836
America	2,717,238	1,482,497	237,377	226,400	60,790	20,411
Rest of the world	3,642,634	3,746,225	342,265	1,942,106	114,066	104,291
Total consolidated	33,446,448	24,531,647	4,841,617	5,987,673	1,119,916	597,912

(*) In Spain, 2022 and 2021 figures in the caption "incomes from sales to third parties" includes excises.

2022 saw an increase in demand after a year 2021 still impacted by the pandemic. In addition, the unstable situation in Eastern Europe generated a great uncertainty that resulted in an increase in energy and commodity prices that has persisted throughout the year.

6.3. Information on non-recurring items:

The main reasons that explain the differences between the IFRS profit and the adjusted profit for financial years 2022 and 2021 are shown below:

Non-recurring items

€ Thousand

Year 2022	Energy Solutions	Chemicals	Exploration and production	Corporate	Total
On EBITDA					
Difference in valuation and replacement cost	437,587	42,527	-	-	480,114
Others non-recurring items	(41,699)	(8,986)	(4,638)	(102,961)	(158,284)
Total	395,888	33,541	(4,638)	(102,961)	321,830

Year 2021	Energy Solutions	Chemicals	Exploration and production	Corporate	Total
On EBITDA					
Difference in valuation and replacement cost	402,581	67,818	-	-	470,399
Others non-recurring items	(417)	(23,587)	(18,211)	(49,614)	(91,829)
Total	402,164	44,231	(18,211)	(49,614)	378,570

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 – 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 analyze 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;
- Extraordinary staff costs (such as restructuring costs);
- Costs associated with mergers/acquisitions;
- Profit/loss from discontinued operations.

In 2022, the following non-recurring changes should be highlighted:

- Results derived from the liquidation of the company "Cepsa Energy Company International, Ltd" amounting to 31 million euros.
- provisions and reversals of impairment losses on fixed assets, net of impairment losses of 5 million euros (see **Note 13**).
- exceptional expenses associated with the transformation process in which the Group is immersed, the purpose of which is to provide the businesses with greater flexibility, amounting to 60 million euros, plus the related tax effect of 15 million euros, and

- other adjustments to the non-recurring tax expense of 35 million euros in Colombia and to the “Coastal” DTA (see **Note 26**).

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’ profits.

The breakdown of DIFFERENCE IN VALUATION AND REPLACEMENT COST in 2022 and 2021 is as follows:

Difference in valuation and replacement cost				€ Thousand
Year 2022	Energy Solutions	Chemicals	Total	
On Result (EBITDA)				
Changes in inventory	533,132	40,124	573,256	
Changes in inventory impairment	(95,545)	2,403	(93,142)	
Total	437,587	42,527	480,114	
Year 2021	Energy Solutions	Chemicals	Total	
On Result (EBITDA)				
Changes in inventory	358,139	67,169	425,308	
Changes in inventory impairment	44,442	649	45,091	
Total	402,581	67,818	470,399	

7. 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 always 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 profits 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 recorded 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 this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the joint venture (the associate) and its carrying amount, and then recognizes this impairment under the

heading of SHARE OF PROFITS OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD in the Income Statement, with a debit sign. Reversals of impairment amounts recorded in previous periods are calculated and recorded 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 recorded in the Consolidated Income Statement.

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

7.1. Record of interests

The breakdown of the balance at year-end 2022 and 2021 under INVESTMENTS IN ASSOCIATES AND INTERESTS IN JOINT VENTURES is shown in the following table:

€ Thousand

Investments in Associates and joint ventures		Book value		Profit / (loss) by integration	
	Type of participation	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Sorex, S.A.	Joint ventures	30,759	33,211	2,527	3,286
Abu Dhabi Oil CO, Ltd (ADOC)	Associates	-	51,445	20,188	18,745
Nueva Generadora del Sur, S.A.	Joint ventures	9,564	13,077	438	242
Cepsa Gibraltar, S.A.	Associates	9,556	9,397	681	322
Asfaltos Españoles, S.A.	Joint ventures	18,787	18,183	604	668
SinarMas Cepsa Pte, Ltd (Group)	Joint ventures	181,733	121,795	53,471	24,737
Other companies		54,832	43,176	19,775	9,950
Total		305,231	290,284	97,684	57,950
Where:					
Joint ventures		267,659	210,645	56,564	30,935
Associates		37,572	79,639	41,120	27,015

Changes in investments

The breakdown of the changes in 2022 and 2021 in the above-mentioned heading is as follows:

€ Thousand

Variation in investments accounted under the equity method	2022	2021
Opening balance at the beginning of the year	290,284	230,266
Profit after taxes incurred in the year (discontinued operations included)	97,684	51,320
Impairments	-	6,630
Share of results of equity accounted investees	97,684	57,950
Dividends received during the year	(28,587)	(12,219)
Additions of investments in associates and joint ventures	5,393	5,000
Disposals:		
Companies clasified as held for sale	(57,697)	-
Mergers/Change in consolidation method	(836)	-
Other changes	(1,010)	9,287
Closing balance at the end of the year	305,231	290,284

In the 2022 financial year there were:

- Capital increase in "Atlas Nord Hydrocarbures, S.A.S." amounting to 5,393 thousand euros.
- Change in the consolidation method in "Cepsa Petronuba S.A.U.", which is now fully consolidated (see **Note 5.1**).
- Reclassification to HELD FOR SALE in "Abu Dhabi Oil Co. Ltd" (ADOC). (See **Note 5.2**)
- Other changes lists translation differences, mainly from "SinarMas Cepsa Pte, Ltd", "Abu Dhabi Oil Co. Ltd" (ADOC)

The most significant changes in 2021 were:

- Reversal of impairment of the Group's interest in "Abu Dhabi Oil Co. Ltd" (ADOC) amounting to 6,630 thousand euros.
- Incorporation, together with EXOLUM, of the company "Terminal Puerto Tartessos, S.A.", amounting to 5,000 thousand euros.
- Other changes lists translation differences, mainly from "SinarMas Cepsa Pte, Ltd". It also included the changes in the goodwill of "Sorex, S.A." and "Bitulife, S.A." as a result of the recording of the contingent liabilities that the Group considered to be highly probable.

Below is a summary of the main economic aggregates corresponding to the companies consolidated by the equity method at the end of financial years 2022 and 2021:

Main figures		€ Thousand	
Investments accounted under the equity method		2022	2021
Total assets		709,033	647,870
Total current and non current liabilities		341,395	355,186
Net assets		367,638	292,684
Total revenues		811,443	647,973
Profit for the year		359,439	239,848
Share of results of companies accounted for by using the equity method (discontinued operations included)		97,684	57,950

7.2. Goodwill

The 2022 and 2021 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:

Goodwill in companies accounted under the equity method		€ Thousand			
Year 2022		Balance at 01.01.2022	Acquisitions	Others movements	Balance at 12.31.2022
Distribution network companies	Energy Solutions	29,531	-	(1,724)	27,807
Chemical companies	Chemicals	7,265	-	(169)	7,096
Total Goodwill		36,796	-	(1,893)	34,903
Year 2021		Balance at 01.01.2021	Acquisitions	Others movements	Balance at 12.31.2021
Distribution network companies	Energy Solutions	30,662	-	(1,131)	29,531
Petrochemical companies	Chemicals	7,104	-	161	7,265
Total Goodwill		37,766	-	(970)	36,796

There have been no relevant changes in the goodwill of the investees as of December 31, 2022.

7.3. Impairment

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

In 2022, no changes in the Impairment heading occurred. In 2021 there was an impairment reversal related to the shareholding of "Abu Dhabi Oil Co. Ltd" (ADOC) amounting to 6,630 thousand euros.

7.4. Financial information of investee companies and businesses.

A) JOINT VENTURES

The summarized financial information for the joint ventures partly owned by CEPSA at December 31, 2022 and 2021 is as follows:

Summarized financial information of main joint ventures, at 100%

€ Thousand

	Sorexí, S.A.		Asfaltos Españoles, S.A.		Nueva Generadora del Sur, S.A.		SinarMas Cepsa Pte, LTD	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Revenue	89,756	93,342	79,582	56,079	7,604	5,059	635,772	373,059
Expenses	(77,518)	(80,225)	(73,701)	(49,772)	(4,366)	(2,466)	(492,943)	(298,907)
Amortization charge	(814)	(796)	(6,722)	(7,155)	(2,422)	(2,141)	(18,918)	(18,418)
Impairment on non-current assets	-	-	-	-	(93)	-	-	-
Other operating income (expenses)	-	-	2,369	2,454	143	19	(1,076)	-
Net foreign exchange gain (loss)	-	-	21	(15)	-	-	1,587	-
Finance income	(1,936)	(259)	5	11	8	-	-	1
Finance costs	-	-	(84)	(38)	-	-	(11,659)	(6,327)
Profit before tax	9,488	12,062	1,470	1,564	874	471	112,763	49,408
Income tax	(3,171)	(3,848)	(263)	(228)	2	12	(5,822)	66
Profit for the period from continuing operations	6,317	8,214	1,207	1,336	876	483	106,941	49,474
Profit for the period from discontinued operations	-	-	-	-	-	-	-	-
Net profit for the period	6,317	8,214	1,207	1,336	876	483	106,941	49,474
Other comprehensive income/loss	-	-	-	-	-	-	-	-
Total comprehensive income	6,317	8,214	1,207	1,336	876	483	106,941	49,474
% stakeholding	40.00%	40.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Contribution to consolidated profits	2,527	3,286	604	668	438	242	53,471	24,737
Dividends	3,086	1,079	-	-	3,950	503	-	-

€ Thousand

	Sorexí, S.A.		Asfaltos Españoles, S.A.		Nueva Generadora del Sur, S.A.		SinarMas Cepsa Pte, LTD	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Non-current assets	5,270	6,046	52,666	48,898	14,314	21,367	312,842	305,455
Current assets	49,690	68,535	9,938	15,452	16,185	9,017	209,364	176,793
TOTAL ASSETS	54,960	74,581	62,604	64,350	30,499	30,384	522,206	482,248
Non-current liabilities	3,494	9,493	6,326	5,933	291	335	87,477	141,708
Current liabilities	30,272	41,218	18,705	22,051	11,080	3,896	71,264	96,951
TOTAL LIABILITIES	33,766	50,711	25,031	27,984	11,371	4,231	158,741	238,659
NET ASSETS	21,194	23,870	37,573	36,366	19,128	26,153	363,465	243,589
% stakeholding	40.00%	40.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Stake in net assets	8,478	9,548	18,787	18,183	9,564	13,077	181,733	121,795
Goodwill	22,281	23,663	-	-	-	-	-	-
Carrying value of investment	30,759	33,211	18,787	18,183	9,564	13,077	181,733	121,795

In 2022, dividends amounting to 8,478 thousand euros were received (2,182 thousand euros in 2021).

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. These 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 December 31, 2022 and 2021 is included as follows:

Summarized financial information of main associates, at 100%

€ Thousand

	Abu Dhabi Oil CO, Ltd (ADOC)		Cepsa Gibraltar	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Revenue	987,394	644,389	77,796	304,924
Expenses	(452,470)	(330,426)	(75,917)	(304,085)
Impairment on non-current assets	-	51,458	-	-
Net foreign exchange gain (loss)	-	-	(59)	(25)
Finance costs	(9,137)	(1,876)	(2)	(1)
Profit before tax	525,787	363,545	1,818	813
Income tax	(369,093)	(218,057)	(456)	(170)
Profit for the period from continuing operations	156,694	145,488	1,362	643
Profit for the period from discontinued operations	-	-	-	-
Net profit for the period	156,694	145,488	1,362	643
Other comprehensive income/loss	-	-	-	-
Total comprehensive income	156,694	145,488	1,362	643
% stakeholding	12.88%	12.88%	50.00%	50.00%
Contribution to consolidated profits	20,188	18,745	681	322
Dividends	3,866	1,929	-	-

€ Thousand

	Abu Dhabi Oil CO, Ltd (ADOC)		Cepsa Gibraltar	
	12.31.2022	12.31.2021	12.31.2022	12.31.2021
Non-current assets	745,081	847,206	11,935	12,948
Current assets	(745,081)	377,430	14,548	65,926
TOTAL ASSETS	-	1,224,636	26,483	78,874
Non-current liabilities	676,787	696,105	-	-
Current liabilities	(676,787)	129,238	7,372	60,081
TOTAL LIABILITIES	-	825,343	7,372	60,081
NET ASSETS	-	399,293	19,111	18,793
% stakeholding	12.88%	12.88%	50.00%	50.00%
Stake in net assets	-	51,445	9,556	9,397
Goodwill	-	-	-	-
Carrying value of investment	-	51,445	9,556	9,397

In 2022, dividends were received from associates totaling 20,109 thousand euros, contributed mainly by "CS CHEM Limited" (13,710 thousand euros) and by "Abu Dhabi Oil CO, Ltd" (ADOC) (3,866 thousand euros), (10,037 thousand euros in 2021).

8. 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 recorded at cost minus accumulated depreciation and accumulated impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful life shown in the table below. The estimated useful life and depreciation 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 recorded 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 depreciated 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 order to comply with the recent commitments to reduce greenhouse gas emissions assumed by the European Union by 55% by 2030 compared to 1990 levels, as reflected in the European Climate Law of June 30, 2021, several EU and national regulations were issued to comply with the new 2021-2030 compliance period, such as Law 9/2020 and Royal Decree 1089/2020. The final free allocation rights for the 2021-2025 semi-period are formally adjusted, communicated and delivered within the first quarter of each corresponding year.

Allowances received for no consideration under the National Emission Allowance Assignment Plan are measured at the market price in force at the beginning of the year to which they correspond and recorded as an asset under Intangible Non-amortizable Asset; with the offsetting entry under GRANTS (see **Note 19**).

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 canceled 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 identified, 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 State 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 13**).

The breakdown of the gross investments in intangible assets, the related accumulated amortization and impairment for 2022 and 2021 is as follows:

							€ Thousand
Year 2022	Notes	Balance at 01.01.2022	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2022
Assets							
Exploration and evaluation assets		449,848	2,300	26,558	27,866	(219)	506,353
O&G possible or contingent reserves (B.C.)		21,136	-	-	1,307	(22,443)	-
O&G proven reserves (B.C.)		2,246,186	-	2	138,992	(1,464,459)	920,721
<i>Total O&G assets</i>		<i>2,717,170</i>	<i>2,300</i>	<i>26,560</i>	<i>168,165</i>	<i>(1,487,121)</i>	<i>1,427,074</i>
Concessions, patents and licences		116,628	1,587	837	1,732	(2)	120,782
Computer software		372,261	40,718	3,726	1,933	(1,403)	417,235
Other intangible assets		671,973	535,741	(23,540)	12,891	(261,029)	936,036
Total Assets		3,878,032	580,346	7,583	184,721	(1,749,555)	2,901,127
Amortisation							
Exploration and evaluation assets		(449,737)	(29,803)	353	(27,495)	393	(506,289)
O&G proven reserves (B.C.)		(974,610)	(6,580)	-	(58,854)	144,198	(895,846)
<i>Total O&G assets</i>		<i>(1,424,347)</i>	<i>(36,383)</i>	<i>353</i>	<i>(86,349)</i>	<i>144,591</i>	<i>(1,402,135)</i>
Concessions, patents and licences		(80,472)	(2,914)	-	(569)	94	(83,861)
Computer software		(266,331)	(39,664)	(1,750)	(1,292)	1,329	(307,708)
Other intangible assets		(274,321)	(13,769)	(721)	(4,661)	3	(293,469)
Total Amortisation		(2,045,471)	(92,730)	(2,118)	(92,871)	146,017	(2,087,173)
Impairments							
O&G possible or contingent reserves (B.C.)		(21,135)	-	-	-	21,135	-
O&G proven reserves (B.C.)		(1,262,460)	-	-	(80,295)	1,324,462	(18,293)
<i>Total O&G assets</i>		<i>(1,283,595)</i>	<i>-</i>	<i>-</i>	<i>(80,295)</i>	<i>1,345,597</i>	<i>(18,293)</i>
Concessions, patents and licences		(786)	-	-	(48)	-	(834)
Other intangible assets		(128,449)	-	-	(7,949)	-	(136,398)
Total Impairments	Note 13.3	(1,412,830)	-	-	(88,292)	1,345,597	(155,525)
<i>Total O&G assets</i>		<i>9,228</i>	<i>(34,083)</i>	<i>26,913</i>	<i>1,521</i>	<i>3,067</i>	<i>6,646</i>
<i>Total other intangible</i>		<i>410,503</i>	<i>521,699</i>	<i>(21,448)</i>	<i>2,037</i>	<i>(261,008)</i>	<i>651,783</i>
Intangible assets, net		419,731	487,616	5,465	3,558	(257,941)	658,429
(B.C. = Business combinations)							

Intangible assets

€ Thousand

Year 2021	Notes	Balance at 01.01.2021	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2021
Assets							
Exploration and evaluation assets		587,541	4,048	468	40,116	(182,325)	449,848
O&G possible or contingent reserves (B.C.)		19,508	-	-	1,628	-	21,136
O&G proven reserves (B.C.)		2,327,437	-	-	194,193	(275,444)	2,246,186
<i>Total O&G assets</i>		<i>2,934,486</i>	<i>4,048</i>	<i>468</i>	<i>235,937</i>	<i>(457,769)</i>	<i>2,717,170</i>
Concessions, patents and licences		109,773	3,942	1,072	2,172	(331)	116,628
Computer software		342,603	34,507	4	1,643	(6,496)	372,261
Other intangible assets		747,963	136,703	(1,543)	15,641	(226,791)	671,973
Total Assets		4,134,825	179,200	1	255,393	(691,387)	3,878,032
Amortisation							
Exploration and evaluation assets		(550,536)	(3,166)	(9,339)	(37,160)	150,464	(449,737)
O&G possible or contingent reserves (B.C.)		(65)	-	-	(5)	70	-
O&G proven reserves (B.C.)		(921,878)	(18,417)	(9,449)	(77,384)	52,518	(974,610)
<i>Total O&G assets</i>		<i>(1,472,479)</i>	<i>(21,583)</i>	<i>(18,788)</i>	<i>(114,549)</i>	<i>203,052</i>	<i>(1,424,347)</i>
Concessions, patents and licences		(76,939)	(2,971)	(4)	(1,011)	453	(80,472)
Computer software		(237,482)	(35,618)	1,806	(1,200)	6,163	(266,331)
Other intangible assets		(254,785)	(14,842)	(146)	(5,319)	771	(274,321)
Total Amortisation		(2,041,685)	(75,014)	(17,132)	(122,079)	210,439	(2,045,471)
Impairments							
Exploration and evaluation assets		(18,395)	(11,646)	-	(483)	30,524	-
O&G possible or contingent reserves (B.C.)		(19,442)	-	-	(1,693)	-	(21,135)
O&G proven reserves (B.C.)		(1,369,916)	-	-	(116,933)	224,389	(1,262,460)
<i>Total O&G assets</i>		<i>(1,407,753)</i>	<i>(11,646)</i>	-	<i>(119,109)</i>	<i>254,913</i>	<i>(1,283,595)</i>
Concessions, patents and licences		(1,385)	-	-	599	-	(786)
Other intangible assets		(118,557)	(89)	-	(9,803)	-	(128,449)
Total Impairments	Note 13.3	(1,527,695)	(11,735)	-	(128,313)	254,913	(1,412,830)
<i>Total O&G assets</i>		<i>54,254</i>	<i>(29,181)</i>	<i>(18,320)</i>	<i>2,279</i>	<i>196</i>	<i>9,228</i>
<i>Total other intangible</i>		<i>511,191</i>	<i>121,632</i>	<i>1,189</i>	<i>2,722</i>	<i>(226,231)</i>	<i>410,503</i>
Intangible assets, net		565,445	92,451	(17,131)	5,001	(226,035)	419,731

(B.C. = Business combinations)

Additions

The ADDITIONS to intangible assets recorded in 2022 and 2021, amounting to 580,346 and 179,200 thousand euros, respectively, corresponded mainly to the following additions:

- Investment in computer applications (40,718 thousand euros).
- The free allocation (see **Note 19**) of CO₂ emission allowances in accordance with European regulations and targets (198,984 thousand euros) and purchases of these allowances on the market (283,485 thousand euros) classified under OTHER INTANGIBLE ASSETS.
- 48 million investments in an exploratory drilling program in Block 53 in deep waters of Suriname, one of the areas of greatest potential identified in recent years, in which we have a 25% interest, this investment has been recorded under the heading OTHER INTANGIBLE FIXED ASSETS.

ADDITIONS also included for 2022 and 2021, respectively, 6,440 and 2,281 thousand euros related to capitalized expenses which were credited to their corresponding headings in the Consolidated Income Statement.

Transfers

In 2022, the net of the TRANSFERS column in the amount of 5,465 thousand euros, mainly includes the reversal of the reclassification of assets HELD FOR SALE, carried out in 2021, amounting to 1,557 thousand euros (see **Note 5.2**) and 3,908 thousand euros transferred as depreciation of PROPERTY, PLANT AND EQUIPMENT and RIGHTS OF USE (see **Note 10**).

Other changes

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

Impairment

During 2022, there were no additions due to impairment. In 2021, an impairment of 11,646 thousand euros was recorded in relation to the fixed assets of the subsidiary "Cepsa Oleo e Gas do Brasil, LTDA", which was liquidated in 2021.

During 2022 there were write-offs amounting to 1,345,597 thousand euros, mainly associated with the accumulated impairment of the assets of the company "Cepsa Energy Company International, Ltd", whose net book value was zero, following the liquidation of the company.

Accumulated impairment losses on December 31, 2022 amounted to 155,525 thousand euros. Corresponding mainly to the preferential right of use of the Central Pipeline of Colombia, a right contributed by "Cepsa Colombia, S.A."

OTHER INTANGIBLE ASSETS includes, among others, the following particularly significant assets belonging to specific Group companies at as at the end of 2022:

- Payments made by the subsidiary "Cepsa Comercial Petróleo, S.A.U." to the *Dealer Owned, Dealer Operated* (DODOs) service stations for flagging, amounting to 203,775 thousand euros gross, although the accumulated amortization amounted to 120,588 thousand euros;
- Strategic positioning of service stations for a gross amount of 145,211 thousand euros and accumulated depreciation of 27,020 thousand euros;
- Preferential right to use the Central Pipeline of Colombia, for a gross value of 215,965 thousand euros, fully amortized and impaired;
- Greenhouse gas emission allowances in companies with industrial plants, for a gross value of 229,045 thousand euros.

Derecognitions

The DISPOSALS column includes divestments associated with CO₂ emission rights, both annual deliveries for rights consumed in the respective preceding years and sales to the market (see section Greenhouse gas emission allowances) and disposals of assets due to the liquidation of the company "Cepsa Energy Company International, Ltd" which were totally impaired.

Greenhouse gas emission allowances

Greenhouse gas emission rights, recorded under OTHER INTANGIBLE ASSETS, at the end of financial years 2022 and 2021 have changed as follows:

	2022		2021	
	€ Thousand	Thousand of metric tons	€ Thousand	Thousand of metric tons
Greenhouse gas emissions allowances				
Opening balance	7,603	146	101,681	5,076
Assignments / acquisitions	482,467	8,408	130,912	3,943
Deliveries / disposals	(261,025)	(4,984)	(224,990)	(8,873)
Closing balance	229,045	3,570	7,603	146

The average cost of rights acquired in 2022 was 52.37 euro/ton (40.50 euro/ton in 2021).

Pursuant to current regulations, the CEPSA Group must deliver CO₂ 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 253,616 and 90,137 thousand euros in 2022 and 2021, respectively. In addition, there have been write-offs of allowances sold amounting to 7,409 thousand euros.

In addition, in 2021, write-offs were recorded amounting to 134,853 thousand euros for CO₂ emission allowances sold to the market during the year. The capital gain recorded in the Group's income statement for this transaction, adjusted for transaction-related expenses, amounted to 79,090 thousand euros, representing a cash inflow for the Group.

Other disclosures

At December 31, 2022 and 2021, the Group had intangible asset purchase commitments amounting to 50,051 and 45,893 thousand euros, respectively.

At December 31, 2022 and 2021, fully amortized intangible assets still in use totaled 1,134,185 and 905,121 thousand euros, respectively.

As of December 31, 2022 and 2021, intangible assets of an indefinite useful life had a net value of 27,808 and 24,483 thousand euros respectively.

9. 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 recorded 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 recorded 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 recorded as an expense under *IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF NON-CURRENT ASSETS* in the Consolidated Statement of Profit and Loss.

The breakdown of GOODWILL ON CONSOLIDATION, disclosed by business unit, in 2022 and 2021 is as follows:

Consolidated goodwill

€ Thousand

Year 2022

	Balance at 01.01.2022	Additions	Others	Balance at 12.31.2022
Cash Generating Units				
CGU Chemicals LAB/LAS	15,124	-	1,801	16,925
CGU Power	119	-	-	119
CGU Energy Solutions	90,020	-	-	90,020
Total	105,263	-	1,801	107,064

Year 2021

	Balance at 01.01.2021	Additions	Others	Balance at 12.31.2021
Cash Generating Units				
CGU Chemicals LAB/LAS	14,973	-	151	15,124
CGU Power	119	-	-	119
CGU Energy Solutions	87,162	-	2,858	90,020
Total	102,254	-	3,009	105,263

The OTHER CHANGES column includes the effect of exchange rate fluctuations on the goodwill of "Deten Química, S.A.", when translated at the closing exchange rate (see **Note 4.3**).

No impairment was recorded in 2022 or 2021. 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.

10. 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 recorded 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 abandonment costs to be borne by the CEPSA Group is also recorded, where appropriate (see **Note 21**).

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 derecorded.

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 recorded. (See **Note 13**).

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

Tank heel inventory

As indicated in **Note 14**, the volume of crude oil and product at tank heels under the lowest operable level is considered not part of operating stock, but is rather considered a fixed asset inherent to the company's operations. Thus, it should be recorded under **PROPERTY, PLANT, AND EQUIPMENT – TECHNICAL INSTALLATIONS**.

Said volume of crude oil and product is recorded 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 content 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 (January 1, 2020). 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 recorded 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 another 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 2022 and 2021 is as follows:

Property, plant and equipment

€ Thousand

Year 2022	Notes	Balance at 01.01.2022	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2022
Assets							
Land and structures		506,230	1,312	42,929	(88)	(2,106)	548,277
Plant and machinery		9,240,923	13,985	564,791	87,230	(53,578)	9,853,351
Oil & Gas Assets		4,554,285	123,474	(2,116,182)	131,905	(64)	2,693,418
Other facilities, furniture		130,787	158	3,216	3,878	(6,663)	131,376
Advances and property, plant and equipment under construction		576,339	387,012	(253,096)	6,815	(7,725)	709,345
Other property, plant and equipment		1,235,592	13,629	8,327	46,008	(2,408)	1,301,148
Total Assets		16,244,156	539,570	(1,750,015)	275,748	(72,544)	15,236,915
Depreciation							
Land and structures		(154,186)	(12,487)	1,372	(992)	829	(165,464)
Plant and machinery		(6,476,809)	(366,371)	(209,905)	(19,098)	47,364	(7,024,819)
Oil & Gas Assets		(2,247,189)	(191,678)	358,165	(80,491)	51	(2,161,142)
Other facilities, furniture		(110,727)	(5,186)	(299)	(3,491)	6,086	(113,617)
Other property, plant and equipment		(404,191)	(27,031)	(1,717)	(4,865)	(5,918)	(443,722)
Total depreciation		(9,393,102)	(602,753)	147,616	(108,937)	48,412	(9,908,764)
Impairments							
Land and structures		(1,352)	-	-	-	-	(1,352)
Plant and machinery		(284,406)	(9,917)	(4,192)	568	16,111	(281,836)
Oil & Gas Assets		(326,494)	(33)	187,526	(23,922)	10,075	(152,848)
Other facilities, furniture		(317)	-	-	-	-	(317)
Other property, plant and equipment		(670,543)	-	-	(41,705)	3,638	(708,610)
Total Impairments	Note 13.3	(1,283,112)	(9,950)	183,334	(65,059)	29,824	(1,144,963)
Property, plant and equipment, net		5,567,942	(73,133)	(1,419,065)	101,752	5,692	4,183,188

Property, plant and equipment

€ Thousand

Year 2021	Notes	Balance at 01.01.2021	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2021
Assets							
Land and structures		467,721	2,999	25,870	12,705	(3,065)	506,230
Plant and machinery		9,255,501	7,427	121,734	86,551	(230,290)	9,240,923
Oil & Gas Assets		4,198,681	113,433	6,494	323,955	(88,278)	4,554,285
Other facilities, furniture		117,114	203	9,159	4,763	(452)	130,787
Advances and property, plant and equipment under construction		1,044,731	294,558	(540,303)	8,938	(231,585)	576,339
Other property, plant and equipment		1,222,361	92	15,234	63,529	(65,624)	1,235,592
Total Assets		16,306,109	418,712	(361,812)	500,441	(619,294)	16,244,156
Depreciation							
Land and structures		(151,433)	(9,268)	(884)	7,258	141	(154,186)
Plant and machinery		(6,437,479)	(385,468)	206,240	(34,352)	174,250	(6,476,809)
Oil & Gas Assets		(2,040,715)	(160,538)	19,659	(98,017)	32,422	(2,247,189)
Other facilities, furniture		(101,607)	(5,109)	(163)	(4,276)	428	(110,727)
Other property, plant and equipment		(394,213)	(26,877)	145	(8,419)	25,173	(404,191)
Total depreciation		(9,125,447)	(587,260)	224,997	(137,806)	232,414	(9,393,102)
Impairments							
Land and structures		(1,352)	-	-	-	-	(1,352)
Plant and machinery		(552,902)	(15,961)	4,192	(9,995)	290,260	(284,406)
Oil & Gas Assets		(403,295)	-	-	(35,635)	112,436	(326,494)
Other facilities, furniture		(317)	-	-	-	-	(317)
Other property, plant and equipment		(618,609)	-	-	(51,934)	-	(670,543)
Total Impairments	Note 13.3	(1,576,475)	(15,961)	4,192	(97,564)	402,696	(1,283,112)
Property, plant and equipment, net		5,604,187	(184,509)	(132,623)	265,071	15,816	5,567,942

Additions of assets

The additions of new assets in 2022 and 2021 amount to 539,570 and 418,712 thousand euros, respectively, and are recorded in the ADDITIONS column. The following should be noted:

- In the Exploration and Production segment, investments to develop or increase activity, notably in the United Arab Emirates, where 104 million euros have been invested in 2022 in the Sateh Al Razboot and Umm Lulu fields, in the coastal area of Abu Dhabi, which meant an investment in 2021 of 101 million euros, all derived from the agreement signed with ADNOC, for a 20% stake in the aforementioned fields for a 40-year concession. To a lesser extent, investments of 29 and 10 million euros were made in 2022 and 2021, mainly for the development of fields in Algeria and the decommissioning of assets in Colombia.
- In the Energy Solutions segment, mainly the investments made for the replacement of the Torre Arenillas polyduct in Palos de la Frontera; particle filter installations in our "fluid catalytic cracking" processes in Palos de la Frontera and San Roque; co-processing projects for the treatment of vegetable oils in our refining production processes and investments in renewable electricity production facilities. Notably, the additions to the San Roque Refinery, located in the Bay of Gibraltar, exceeded 65 and 71 million euros in 2022 and 2021, respectively, and those carried out in the La Rábida Refinery exceeded 100 and 84 million euros in 2022 and 2021, respectively. In the Distribution segment, investments to maintain or improve market share and presence, such as in the service stations market, for over 82 and 41 million euros in 2022 and 2021, respectively.
- In the Chemicals segment, investments for the revamping project of the phenol production plant in China and environmental and decarbonization projects at our facilities, for over 46 and 49 million euros in 2022 and 2021 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 Profit or Loss are also included. They amount to 27,338 and 35,620 thousand euros in 2022 and 2021, respectively. There are no significant financial amounts.

Transfers

In 2022, the net amount in the TRANSFERS column of 1,419,065 thousand euros, mainly includes the transfer to HELD FOR SALE of the assets of the Sateh Al Razboot and Umm Lulu fields in Abu Dhabi for a net amount of 1,584,371 thousand euros (see **Note 5.2.B**). Additionally, 151,063 thousand euros corresponding to the reversal of the assets of the businesses classified as HELD FOR SALE transferred in 2021 (see **Note 5.2.B**), 3,677 thousand euros transferred as depreciation and amortization to PROPERTY, PLANT AND EQUIPMENT and RIGHTS OF USE (see **Note 8**) and finally, 17,899 thousand euros corresponding to the value of the permanent inventories in tanks reclassified from INVENTORIES, CRUDE AND FINISHED PRODUCTS.

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

In 2022, the DISPOSALS column includes mainly the disposal due to the replacement of various assets at the La Rábida Refinery amounting to 37 million euros, almost all of which have been depreciated. The divestment made in "Cepsa Energy Company International, Ltd" amounting to 11 million euros, fully amortized and disposals in "Cepsa Colombia, S.A." amounting to 15 million euros, assets associated with decommissioning that were fully amortized.

In 2021 the divestments made in "Cepsa Energy Company International, Ltd" amounting to 189 million euros, fully depreciated by 95 million euros and impaired by 94 million euros, asset disposals in the La Rábida refinery due to the shutdown of its facilities and which were fully depreciated and asset disposals in the Energy Solutions CGU for 230 million euros fully impaired were recorded in 2021.

Impairment

In 2022, net asset impairment reversals of 6 million euros were recorded, mainly associated with Exploration and Production assets in Algeria and Gas and Power assets.

In 2021, asset impairment reversals of 75,481 thousand euros were recorded, mainly associated with Exploration and Production assets and Chemicals assets. These corresponded to impairment reversals at the Abu Dhabi CGU amounting to 11,683 thousand euros, at the Peru CGU amounting to 5,530 thousand euros, at the Colombia CGU amounting to 17,805 thousand euros, at the Timimoun CGU amounting to 21,145 thousand euros, at the Shanghai CGU amounting to 9,215 thousand euros and at Shanghai amounting to 7,609 thousand euros. On the other hand, impairments were recorded on certain assets of the Energy Solutions CGU amounting to 15,356 thousand euros and in Portugal amounting to 604 thousand euros.

Other disclosures

At December 31, 2022 and 2021, the Group had property, plant and equipment purchase commitments amounting to 1,050,841 and 1,193,189 thousand euros respectively, relating mainly to exploration and production investments.

At December 31, 2022 and 2021, no material items of property, plant and equipment had been pledged to secure compliance with obligations relating to the ownership thereof.

At December 31, 2022 and 2021 fully depreciated property, plant, and equipment still in use totaled 5,878,319 and 4,726,545 thousand euros respectively. All these assets refer to facilities in operation and are not depreciated as part of the equipment involved.

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 2027 and Palos de la Frontera—which will revert from 2026 to 2061. CEPSA Group management considers that it is not necessary to recognize a provision for the decommissioning of these investments, since they are adequately maintained and the concessions are expected to be renewed.

The Group has taken out insurance policies to cover the possible risks 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.

11. Rights of use

ACCOUNTING POLICIES AND PROCEDURES

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 24**, 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 recorded 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 24**), 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.
- 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 recorded 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 right of use asset is impairing in value and accounts for any impairment loss identified as described in **Note 13**.

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 2022 and 2021 is shown in the following table:

Rights of use						€ Thousand
Year 2022	Balance at 01.01.2022	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2022
Assets						
Land and structures	661,957	116,683	(473)	175	(9,419)	768,923
Plant and machinery	194,085	21,129	-	(441)	(4,276)	210,497
Other facilities, furniture	9	-	-	-	-	9
Other property, plant and equipment	171,128	20,039	473	8,388	(1,023)	199,005
Total Assets	1,027,179	157,851	-	8,122	(14,718)	1,178,434
Depreciation						
Land and structures	(204,699)	(87,086)	(2,074)	(68)	1,219	(292,708)
Plant and machinery	(92,099)	(29,131)	1,800	451	3,218	(115,761)
Other facilities, furniture	(7)	(2)	-	(1)	-	(10)
Other property, plant and equipment	(68,788)	(31,139)	43	(2,981)	18	(102,847)
Total depreciation	(365,593)	(147,358)	(231)	(2,599)	4,455	(511,326)
Total rights of use	661,586	10,493	(231)	5,523	(10,263)	667,108

Rights of use

€ Thousand

Year 2021	Balance at 01.01.2021	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2021
Assets						
Land and structures	518,187	152,266	(1,077)	407	(7,826)	661,957
Plant and machinery	177,747	12,549	-	7,918	(4,129)	194,085
Other facilities, furniture	9	-	-	-	-	9
Other property, plant and equipment	154,958	5,942	473	10,395	(640)	171,128
Total Assets	850,901	170,757	(604)	18,720	(12,595)	1,027,179
Depreciation						
Land and structures	(127,570)	(67,547)	(19)	(10,738)	1,175	(204,699)
Plant and machinery	(63,411)	(27,888)	-	(1,761)	961	(92,099)
Other facilities, furniture	(4)	(2)	-	(1)	-	(7)
Other property, plant and equipment	(43,074)	(22,486)	19	(3,288)	41	(68,788)
Total depreciation	(234,059)	(117,923)	-	(15,788)	2,177	(365,593)
Total rights of use	616,842	52,834	(604)	2,932	(10,418)	661,586

Additions

During 2022 there have been additions of lease contracts amounting to 157,851 thousand euros, mainly relating to additions, revaluations, and extensions of the term of service station contracts, additions of concession contracts, additions of the vessel Tosca and additions of the offices in the Torre Picasso building, mainly under the headings LAND AND BUILDINGS and TECHNICAL INSTALLATIONS.

Derecognitions

During 2022, lease contracts were terminated amounting to 14,718 thousand euros, mainly due to the termination and cancellation of service station contracts and the termination of several contracts in the Chemicals segment, mainly in the LAND AND BUILDINGS and TECHNICAL INSTALLATIONS headings.

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

12. 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 recorded for the first time when they are created. All other financial assets are recorded 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 recorded directly in profit or loss.

II. Financial assets at fair value through other comprehensive income (FV-OCI) (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 recorded at FV-OCI include the sub-portfolio of trade receivables subject to possible securitization.

III. Financial assets at fair value through other comprehensive income (FV-OCI) (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 (FV-CPG)

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

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 FVOCI. 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 recorded 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 recorded 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 December 31, 2022 and 2021, classified by nature and by category for valuation purposes, is as follows:

€ Thousand

Financial assets by type/ category

Year 2022	Notes	Financial assets valued at				Total
		FVTPL	Amortised cost	FVTOCI	Hedging derivatives	
Equity instruments		3,728	-	-	-	3,728
Loans		-	15,632	-	-	15,632
Derivatives	Note 30	47,342	-	-	74,061	121,403
Other Finance assets		-	24,050	-	-	24,050
Non current		51,070	39,682	-	74,061	164,813
Equity instruments		141	-	-	-	141
Loans		-	11,927	-	-	11,927
Derivatives	Note 30	18,472	-	-	31,064	49,536
Other Finance assets		-	131,027	-	-	131,027
Subtotal		18,613	142,954	-	31,064	192,631
Trade and accounts receivable	Note 15	-	2,285,520	302,858	-	2,588,378
Current		18,613	2,428,474	302,858	31,064	2,781,009
Total		69,683	2,468,156	302,858	105,125	2,945,822

Year 2021	Notes	Financial assets valued at				Total
		FVTPL	Amortised cost	FVTOCI	Hedging derivatives	
Equity instruments		3,717	-	-	-	3,717
Loans		-	46,668	-	-	46,668
Derivatives	Note 30	20,139	-	-	29,371	49,510
Other Finance assets		-	20,632	-	-	20,632
Non current		23,856	67,300	-	29,371	120,527
Equity instruments		152	-	-	-	152
Loans		-	22,240	-	-	22,240
Derivatives	Note 30	60,918	-	-	45,389	106,307
Other Finance assets		-	102,768	-	-	102,768
Subtotal		61,070	125,008	-	45,389	231,467
Trade and accounts receivable	Note 15	-	1,903,598	390,247	-	2,293,845
Current		61,070	2,028,606	390,247	45,389	2,525,312
Total		84,926	2,095,906	390,247	74,760	2,645,839

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

The changes and balances in financial assets accounts for 2022 and 2021, excluding trade receivables, are as follows:

Financial Assets - Variations

€ Thousand

Year 2022	Notes	Balance at	Additions	Transfers	Other charges	Disposals	Balance at
		01.01.2022					12.31.2022
Non-current loans to associates and joint ventures		30,894	-	-	(5,111)	(25,783)	-
Other non-current loans		23,220	379	(6)	140	(1,033)	22,700
Other non-current finance assets		74,485	83,691	(14)	2,747	(11,075)	149,834
Impairment	Note 13.3	(8,072)	(197)	-	(127)	675	(7,721)
Total non-current		120,527	83,873	(20)	(2,351)	(37,216)	164,813
Current loans to associates and joint ventures		4,634	32,026	-	1,648	(38,288)	20
Other current loans		27,967	10,097	6	(1)	(14,801)	23,268
Other current finance assets		209,227	78,714	14	3,902	(111,153)	180,704
Impairment	Note 13.3	(10,361)	(1,129)	-	3	126	(11,361)
Total current		231,467	119,708	20	5,552	(164,116)	192,631

Year 2021	Notes	Balance at	Additions	Transfers	Other charges	Disposals	Balance at
		01.01.2021					12.31.2021
Non-current loans to associates and joint ventures		14,966	-	14,486	1,668	(226)	30,894
Other non-current loans		55,615	582	(362)	(28,207)	(4,408)	23,220
Other current finance assets		107,078	27,336	19,641	(26,497)	(53,073)	74,485
Impairment	Note 13.3	(7,667)	(744)	-	(16)	355	(8,072)
Total non-current		169,992	27,174	33,765	(53,052)	(57,352)	120,527
Current loans to associates and joint ventures		4,895	15,645	(14,486)	356	(1,776)	4,634
Other current loans		45,515	9,208	(19,279)	65,734	(73,211)	27,967
Other current finance assets		29,305	229,386	-	(48,935)	(529)	209,227
Impairment	Note 13.3	(10,326)	(370)	-	(3)	338	(10,361)
Total current		69,389	253,869	(33,765)	17,152	(75,178)	231,467

In response to the crisis caused by COVID-19 and within the scope of IFRS 9, corrections were implemented in 2020 to mitigate the impact of the change in the estimated solvency of debtors. In this regard, and despite the fact that collections have been at very positive levels, the probability of default has increased, in accordance with the references observed in the 2007/08 crisis, in the mathematical model that calculates the reasonable amounts to be provisioned. Due to the current unstable situation caused by the geopolitical situation between Russia and Ukraine, a decision has been made to continue with these measures. The impact on the bottom line and profits has not been significant.

There is no new evidence of any impairment in the other loans in 2022.

NON-CURRENT/CURRENT LOANS TO ASSOCIATES AND JOINT VENTURES include loans to associates as well as the loans granted to jointly controlled entities.

ADDITIONS to OTHER NON-CURRENT FINANCIAL ASSETS mainly include derivatives designated as hedges to reduce the risks arising from changes in the value of firm gas purchase commitments, as well as hedges to reduce the risks related to the purchase and sale of energy.

The breakdown by maturity of the balances of LOANS TO ASSOCIATES AND JOINT VENTURES and OTHER LOANS, as of December 31, 2022 and 2021, is as follows:

Maturity of financial assets							€ Thousand
Year 2022	2023	2024	2025	2026	2027	Over 5 years	Total
Loans to associates and joint ventures	20	-	-	-	-	-	20
Other loans	23,268	11,720	1,432	1,294	1,162	7,092	45,968
Total	23,288	11,720	1,432	1,294	1,162	7,092	45,988
Year 2021	2022	2023	2024	2025	2026	Over 5 years	Total
Loans to associates and joint ventures	4,634	24,280	-	-	6,614	-	35,528
Other loans	27,967	14,396	590	609	289	7,336	51,187
Total	32,601	38,676	590	609	6,903	7,336	86,715

The average interest rate applied by CEPSA to loans granted to related parties in 2022 and 2021 was similar to the average cost of external financing for the same type of transaction.

13. 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 is evidence of impairment value losses in assets recorded 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, 8 and 9**).

The recoverable amount is the fair value of the asset net 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 identification of 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 Colombian CGU. In 2020, the Timimoun gas field was spun off from the former Algeria CGU (see reasons in **Note 13.3**) and renamed Algeria-Oil.
- **Energy Solutions:** includes the Energy Parks, Mobility & New Commerce and Commercial & Clean Energies businesses, which are considered a single CGU due to the interrelation of flows throughout the production process. Within the Energy segment, the gas and power area is excluded from this treatment, where each plant corresponds to a CGU, since they are individually remunerated by the Spanish government, except for those that have completed their useful remunerative life, which constitute a single CGU.

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

- 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;
- Not include the carrying amount of any recorded liability, unless the recoverable amount of the CGU cannot be determined without consideration of this liability.
- 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 6**) 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, calculated on the basis of the present value of the expected future after-tax cash flows from the operation of such assets, 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 amount, its value is reduced to its recoverable amount and an impairment loss is recorded as an expense, under *IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF NON-CURRENT ASSETS* in the accompanying Consolidated Income Statement.

Reversal of impairment losses

The impairment losses recorded in previous years can be reversed to the original value of the asset, except those recorded 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 recorded for the asset (or CGU) in prior years. The impairment previously recorded on the goodwill is not reversed.

13.1. Indicators of impairment/reversal during the year and subsequent processing

At the end of 2022, we have assessed whether there is any indication of impairment losses or reversal of impairment in the assets recorded in the Group's Balance Sheet. In this regard, the following tests have been performed on the assets for which it has been considered that there have been signs of impairment:

- In Algeria, in the Timimoun field, the increase in crude oil realization prices has been considered as an indication of impairment reversal, despite the increase in investments during the year (see **Note 12**)
- In the Chemicals business, the generalized drop in demand for these products has been considered as an indication of impairment for these assets. Impairment tests have been performed on plants in Spain and China and no impairment has been recorded.
- No indications of impairment or reversal have been identified for the Energy Solutions CGU.
- With respect to the assets of the gas and power area, which in 2021 were reclassified as HELD FOR SALE, the corresponding impairment test has been performed for each CGU due to the volatility of the electricity market and the high gas prices during the year, which have been considered as indications of impairment (see **Note 12**).

13.2. Hypotheses and estimates used to calculate impairment in 2022

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 consistent with the CEPSA Group's 2023 Budget and updated long-term plan.

In general terms, cash flow projections are based on the best available estimates of revenues, expenses and investments of the different cash generating units (CGU), using industry forecasts, past experience and future expectations of business evolution and market development. In this sense, macroeconomic variables are those used in the preparation of the budget and long-term plan. The macroeconomic framework for the countries in which the Group operates includes variables such as inflation, GDP, exchange rates, etc., and is prepared on the basis of information contained in internal reports reflecting the Group's own forecasts, based on relevant external information available (consultants and specialized agencies).

In addition, due to the volatility of hydrocarbon prices and the uncertainties observed in long-term prices, the "expected cash flow approach", as set forth in IAS 36, has been used for the valuation of Exploration and Production CGUs to reflect expectations about possible cash flows instead of a single most probable cash flow. For this purpose, two price scenarios have been considered as explained below.

These future forecasts cover the next five years, except for Exploration and Production, and include a residual value appropriate to each business in which a constant expected growth rate is applied that varies between 0% and 2.5%, based on the expected long-term CPI as well as the expected growth for the country (GDP) specific to each business under review. For the purpose of calculating residual values, the only investment considered is maintenance capital expenditure and any investment needed for upgrade or refurbishment 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

The estimated crude oil prices used to project the cash flows of each of the assets are those used in the Group's 2023 Budget and long-term plan. These estimates are based on assessments made by international agencies and other market players. The pathway has been developed based on macroeconomic, financial and market information and available analyst forecasts and contemplates energy transition and decarbonization scenarios that are consistent with the objectives of the Paris (COP 21) and Glasgow (COP 26).

In order to mitigate the effect of volatility in crude oil prices, CEPSA used a sensitivity analysis of different price curves for its impairment analysis. Thus, as mentioned above, the Group has considered two scenarios for future prices:

- Scenario 1 (75% weighted): the prices considered are USD 90, 85, 80, 75 and 75 per barrel for each year for the period 2023 to 2027. Subsequently, prices are increased by a CPI of 2%. The quoted Brent crude oil price is used as the base price, and the remaining international prices are calculated with the use of differentials.

- Scenario 2 (weighted by 25%): With a price curve, in dollars per barrel, of 77, 67, 62, 61 and 62 for the period 2023 to 2027, after which prices increase annually with the same CPI as that used in "Scenario 1".

Regarding the weighting between the two scenarios, 75% has been considered for the former and 25% for the latter, considering the current scenario of high prices.

Reserves and production schedules

For each asset a long-term development plan is established with an annual production schedule. This production profile takes the most probable and proved reserves (2P) and the best estimate of contingent resources (2C), if applicable, weighted by associated risk factors. 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, who are independent of the Exploration and Production area. Additionally, every two years, the recorded volumes are audited by independent specialized firms. The last external audit for Reserves was performed during the first half of 2022 on reserves as of December 31, 2021. Said audit did not generate significant differences with those recorded in the Group.

Operating and investment costs (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

In order to calculate the present value of these flows, they are discounted at a rate equivalent to the weighted average cost of capital (*weighted average cost of capital*, WACCs) after tax adjusted by country risk, also considering the business risk corresponding to each asset or CGU.

Below are the after-tax discount rates used for the assets or CGUs for each business unit in fiscal 2022 and 2021:

Discount rates used in impairment analysis - Segmented	2022	2021
Exploration & Production	14.5%	9.0% - 12.5%
Energy Solutions	9.0%	7.0% - 7.5%
Chemical	9.5%-14.5%	6.5% - 15.0%
Gas & Power	7.5%-8.0%	5.0% - 5.5%

The parameters considered for the composition of the main discount rates above have been:

- Risk-free rate: normalized yield of sovereign bonds corresponding to each geographic area or country. For flows in dollars, the yield of the 20-year U.S., treasury bond is used and for flows in euros, the normalized yield of the German bond recommended by the methodology of the consulting firm Kroll, Inc. is used as a basis.

- Risk premium for investment in equity (equity risk premium): 6.0% as a general rule.
- Country risk-premium of the location of the asset
- Beta: It is calculated based on the average of comparable companies for each business, deleveraging and re-leveraging according to a defined capital structure for each sector.
- Average cost of debt: Calculated as the aggregation of the risk-free rate, an average spread (calculated as the spread between the average cost of debt observed for a group of integrated O&G companies and the 20-year U.S. or German sovereign bond yield) and, if applicable, the country risk premium.
- Capital structure: Equity-to-debt ratio defined for each business, being, as a general rule, 25% debt and 75% equity.

These discount rates have been calculated considering local currencies of the CGUs except for Exploration and Production and Indonesia Petrochemicals that are in USD.

All data used for the calculation are obtained from reputable external sources with a solid track record.

The discount rates after taxes used for the CGU in the countries where impairment signs existed in 2022 and 2021 are as follows:

Discount rates used in impairment analysis - CGU breakdown	2022	2021
Exploration & Production		
Algeria - Gas	14.5%	12.5%
Energy Solutions		
Spain	9.0%	7.0% - 7.5%
Gas & Power		
Spain	7.5% - 8.0%	5.0% - 5.5%
Chemical		
Brazil	13.5%	15.0%
Nigeria	14.5%	11.5%
China	9.5%	9.0%
Indonesia	11.5%	8.0%

13.3. 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 estimated in order to perform the aforementioned impairment test as described above. Based on the aforementioned impairment tests performed, the breakdown of impairments recorded during 2022 and 2021 is as follows:

		€ Thousand			
		2022		2021	
	Notes	Charges for the year	Reversal	Charges for the year	Reversal
Impairments of assets					
Intangible assets	Note 8	-	(6)	11,735	(685)
Property, plant and equipment	Note 10	9,950	(15,472)	15,961	(75,482)
Investments in companies accounted for using the "equity method"	Note 7.3	-	-	-	(6,630)
Other financial assets	Note 12	1,326	(801)	1,114	(693)
Total		11,276	(16,279)	28,810	(83,490)
Registered under Impairment and gains or losses on disposals of non-current assets	Note 23	9,950	(15,478)	27,696	(76,167)
Registered under Share of results of equity accounted investees	Note 7.3	-	-	-	(6,630)
Registered under Impairment and gains or losses on disposals of financial instruments	Note 25	1,326	(489)	1,114	(1,087)
Applied to purpose		-	(312)	-	394
Total		11,276	(16,279)	28,810	(83,490)

The breakdown of impairments during fiscal 2022 and 2021 by geographic area and segment is as follows:

		€ Thousand			
		2022		2021	
	Segment	Charges for the year	Reversal	Charges for the year	Reversal
Impairments of assets					
Colombia	Exploration & Production	33	-	-	(17,805)
Peru	Exploration & Production	-	-	-	(5,530)
Abu Dhabi	Exploration & Production	-	(1,342)	-	(18,313)
Algerie	Exploration & Production	-	(8,733)	-	(21,145)
Brasil	Exploration & Production	-	-	11,646	-
Spain	Energy Parks	-	-	11,473	(3,087)
Spain	Energy - Gas & Power	9,169	(4,192)	-	-
China	Chemicals	-	-	-	(9,215)
Canada	Chemicals	-	-	-	(7,609)
Others	Assorted	2,074	(2,012)	5,691	(786)
Total		11,276	(16,279)	28,810	(83,490)

The main impairment charges/reversals in 2022 were as follows:

- In the Timimoun gas field in Algeria, reversal of 8,733 thousand euros.

- Charges of 4,977 thousand euros corresponding to certain cogeneration plants and the combined cycle.

In 2021, the main impairment charges/reversals made were as follows:

- Exploration and Production Assets, an allowance of 12 million euros and a reversal of 56 million euros in non-current assets and a reversal of 7 million euros in equity-accounted investees recorded in the financial statements of the investees.
- Chemical Assets, reversal of 17 million euros corresponding to the plants in China and Canada.

13.4. 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 analyzes 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.

Specifically, the most relevant sensitivity analyses carried out in 2022 and 2021 were as follows, for all CGUs:

Impairment tests - sensitivity analysis	Increase in the impairment losses net of tax impact in the Consolidated Financial Statements			
	2022		2021	
	Variation	Amount	Variation	Amount
Discount rate increase	50 p.b	19.5	50 p.b	86
Decrease in price of crude oil	10%	7.4	11,5%	106
Average exchange rate decrease \$ vs €	0.05 \$/€	2.1	0.05 \$/€	0.5

Based on the forward curves posted by leading market 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.

14. 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. Spare 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 labor 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.

⁶ Analysts considered are IHS Markit, Wood Mackenzie, JP Morgan, Goldman Sachs, EIA, Barclays, The World Bank, Bloomberg, y Morgan Stanley.

The breakdown of INVENTORIES as of December 31, 2022 and 2021 is as follows:

	€ Thousand	
Inventories	2022	2021
Crudes	819,005	778,169
Other raw materials	243,282	173,572
Finished goods (refined and others)	2,987,906	1,966,968
Other supplies	54,454	43,883
Spare Parts	81,470	76,626
Impairment	(110,483)	(14,629)
Total	4,075,634	3,024,589

Pursuant to the Directorate-General of Energy Policy and Mining resolution dated March 30, 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.

For 2022, the FINISHED GOODS heading includes an amount of 1,321 million euros corresponding to the evolution of the fair value of the firm commitment to purchase gas. In 2022, the fair value hedge was discontinued, reaching 48% of the original hedge as mandated by CEPSA Group management. In 2021, this included an amount of 891 million euros.

In 2022, 17,899 thousand euros (8,792 thousand euros in 2021) corresponding to the value of permanent inventories in tanks was reclassified from Inventories, Crude, and Finished Products to Fixed Assets.

During 2022, impairment losses of raw materials and finished products were recorded for 95,854 thousand euros, net. In 2021, impairment reversals of 58,885 thousand euros, net, were recorded. These amounts are included in the consolidated statement of income in the caption CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS.

Likewise, in 2022 there were no impairments or reversals of spare parts and sundry materials in the Group's refineries. In 2021, a reversal was recorded amounting to 5,571 thousand euros.

15. Trade receivables and other current assets

The breakdown of trade and other operating receivables for the years 2022 and 2021 is as follows (see **Note 29**):

		€ Thousand	
Trade and other receivables	Notes	2022	2021
Trade receivables for sales and services		2,632,586	2,359,822
Receivable from associates and joint ventures	Note 32.1	65,757	42,458
Advances to suppliers		14,957	9,639
Allowances for bad debts		(124,922)	(118,074)
Total	Note 12	2,588,378	2,293,845

The changes in provisions for the years 2022 and 2021, included in the consolidated statement of income under the heading VARIATION IN WORKING CAPITAL PROVISIONS, include the provisions for bad debts of trade receivables and trade debtors, and were as follows:

	€ Thousand	
Allowances for bad debts	2022	2021
Balance at the beginning of the year	(118,074)	(128,253)
Additions	(34,402)	(15,013)
Applications	30,149	25,187
Other	(2,595)	5
Closing balance for the year	(124,922)	(118,074)

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 12**).

The breakdown of trade and other receivables in 2022 and 2021 is as follows:

	€ Thousand	
Other current assets	2022	2021
Public Administration	159,177	70,737
Current income tax assets	166,493	82,417
Other non-trade receivables	26,864	9,784
Prepayments	13,907	11,526
Total	366,441	174,464

The PUBLIC ADMINISTRATION section mainly includes receivables from tax authorities for VAT and other taxes. The increase is mainly due to a higher price environment coupled with increased activity.

The heading CURRENT INCOME TAX ASSETS relates mainly to the Corporate Income Tax advanced by the Group in Spain through payments on account, calculated on the basis of the accounting result (higher in 2022 than in 2021), pursuant to Article 40 of Law 27/2014, of November 27, on Corporate Income Tax, and which will be subject to refund once the final Tax calculated on the taxable income is presented under the terms provided for in the applicable regulations.

16. 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 2022 and 2021 is shown below:

	€ Thousand	
Cash and cash equivalents	2022	2021
Cash in hand	20,130	11,609
Time deposits	102,419	334,076
Current accounts	353,627	311,368
Total	476,176	657,053

17. Equity

17.1. Share capital and share premium

At year-end 2022 and 2021, the share capital amounted to 268,175,000 euros, represented by 536,350,000 registered shares of 0.50 euros par value each, of the same class and series, fully subscribed and paid up. (See **Note 27**).

At December 31, 2022, CEPSA's shares are held mainly by two shareholders (see **Note 1.A**):

- "Cepsa Holding, LLC", a company incorporated in the United Arab Emirates and ultimately controlled by "Mubadala Investment Company, PJSC", holds shares representing 61.36% of the share capital.
- "Matador Bidco, S.À.R.L.", a company incorporated in Luxembourg and ultimately controlled by "The Carlyle Group, Inc." holds shares representing 38.41% of the share capital.

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. During 2022 and 2021, the balance of this account which amounted to 351,581 thousand euros, did not undergo any changes.

17.2. Revaluation reserve

In 1996, CEPSA revalued its property, plant and equipment pursuant to Royal Decree-Law 7/1996 of June 7, and increased its equity by 58,438 thousand euros. 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 70,495 thousand euros. This latter figure was recorded under CONSOLIDATED RESERVES on consolidation, which is included in RETAINED EARNINGS.

The REVALUATION RESERVE also includes 32,498 thousand euros 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, Royal Decree-Law 7/1996" account can be used, free of tax, to eliminate recorded losses and to increase capital. From January 1, 2007 (i.e. 10 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 derecorded. At December 31, 2022 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.

17.3. Other reserves

At year-end 2022 and 2021 year-end, the breakdown of the Balance of the heading Other Reserves is as follows:

Other reserves	€ Thousand	
	2022	2021
Unrestricted reserves	2,102,982	2,632,992
Legal reserves	53,605	53,605
Restricted reserves	588,249	568,535
Prior years losses	(785,280)	(815,545)
Global consolidation reserves	963,006	420,566
Equity consolidation reserves	(177,451)	(212,008)
Total	2,745,111	2,648,145

17.4. Valuation adjustments

At year-end 2022 and 2021, the breakdown by nature of the ADJUSTMENTS FOR CHANGES IN VALUE is as follows:

Adjustments for changes in value	Notes	€ Thousand	
		2022	2021
Foreign currency translation differences	Note 17.4.A	766,648	693,870
Cost of hedging	Note 17.4.B	(31,190)	(32,932)
Net investment hedge	Note 17.4.B	(572,729)	(481,271)
Cash flow hedge	Note 17.4.B	(12,213)	(29,613)
Total		150,516	150,054

A) TRANSLATION DIFFERENCES

At year-end 2022 and 2021, the breakdown, by company, of the balance of TRANSLATION DIFFERENCES is as follows:

Translation reserve	€ Thousand	
	2022	2021
Company		
CEC International Ltd.	-	67,260
Detén Química, S.A.	(54,879)	(49,023)
Cepsa Chemical (Shanghai), CO., LTD	21,466	27,595
Cepsa Perú, S.A.	22,366	18,458
Cepsa Colombia, S.A.	69,026	92,993
Mopu Holdings Ltd.	57,922	58,244
Coastal Energy Company S.L.U.	351,442	296,008
Cepsa ReR (Rhoude El Rouni)	40,677	28,366
Cepsa EP Abu Dhabi, S.L.U.	223,794	132,751
Cepsa Internacional, B.V.	37,567	21,387
Other companies	(2,733)	(169)
Total	766,648	693,870

The change in the balance under this heading from 2022 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) HEDGE 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:

Hedge reserves	€ Thousand								
	Cost of hedging			Net investment hedge			Cash flow hedges		
	Gross balance	Tax effect	Total	Gross balance	Tax effect	Total	Gross balance	Tax effect	Total
Year 2022									
Opening balance	(43,937)	11,005	(32,932)	(641,708)	160,437	(481,271)	(39,459)	9,846	(29,613)
Gains and losses recognised in OCI	782	(75)	707	(143,652)	35,913	(107,739)	(297,621)	74,292	(223,329)
Reclassification during the year to profit or loss	1,566	(531)	1,035	21,709	(5,428)	16,281	320,782	(80,053)	240,729
Closing balance	(41,589)	10,399	(31,190)	(763,651)	190,922	(572,729)	(16,298)	4,085	(12,213)
Year 2021									
Opening balance	(57,041)	14,261	(42,780)	(500,079)	125,029	(375,050)	(41,648)	10,429	(31,219)
Gains and losses recognised in OCI	11,418	(3,227)	8,191	(184,391)	46,099	(138,292)	(10,802)	1,673	(9,129)
Reclassification during the year to profit or loss	1,686	(29)	1,657	42,762	(10,691)	32,071	12,991	(2,256)	10,735
Closing balance	(43,937)	11,005	(32,932)	(641,708)	160,437	(481,271)	(39,459)	9,846	(29,613)

17.5. Treasury shares

At 2022 year-end, the Company holds 168,760 treasury shares. These shares represented 0.03% of the share capital. At December 31, 2021, the Company held 156,671 treasury shares and its wholly-owned subsidiary "Magna Expergere, S.A.U." held 400,000 shares of the Company.

The treasury shares correspond to new shares, from capital increases carried out during the year 2021, and acquired by the Company to give greater flexibility to its shareholding structure.

17.6. 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 recorded in the income statement.

Approved in 2022

On December 15, 2022, the Company's Shareholders' Meeting agreed to approve the distribution of a dividend from Voluntary Reserves for an amount of 332,537 thousand euros at 0.62 euros per share. Said dividend was paid on December 16, 2022.

On July 27, 2022, the Extraordinary General Shareholders' Meeting of the Company resolved to approve the distribution of a dividend charged to voluntary reserves in the amount of 250,386 thousand euros, at a rate of 0.47 euros per share. Said dividend was paid on July 28, 2022.

Approved in 2021

On December 13, 2021, the Company's Shareholders' Meeting agreed to approve the distribution of a dividend from Voluntary Reserves for an amount of 310,851 thousand euros at 0.58 euros per share. Said dividend was paid on December 15, 2021.

On July 14, 2021, the Company's Shareholders' Meeting agreed to approve the distribution of a dividend from Voluntary Reserves for an amount of 211,700 thousand euros at 0.395 euros per share. Said dividend was paid on July 15, 2021.

17.7. Non-controlling interests

The breakdown of "Non-controlling interests" at December 31, 2022 and 2021 is as follows:

Non controlling interests	2022			2021		
	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%	10,679	3,387	40.00%	11,143	1,106
Deten Química, S.A.	0.00%	-	-	28.56%	14,364	21,891
Generación Eléctrica Peninsular, S.A.	30.00%	37,064	8,066	30.00%	25,490	15,062
Cepsa Química China & Shanghai & CCPS	25.00%	33,994	(523)	25.00%	29,387	5,098
Coastal Energy KBM Sdn. Bhd.	30.00%	854	-	30.00%	2,312	(64)
Cepsa Gas Comercializadora, S.A.	30.00%	11,711	21,107	30.00%	(6,886)	18,597
Total		94,302	32,037		75,810	61,690

€ Thousand

In 2022 the Group acquired full ownership of "Deten Química, S.A.," and therefore it is removed from Non-controlling Interests. (See **Note 5.1**).

During 2022 dividends amounting to 5,059 thousand euros were distributed to "C.M.D. Aeropuertos Canarios, S.L." (1,570 thousand euros) and "Generación Eléctrica Peninsular, S.A." (3,489 thousand euros).

18. Financial liabilities

ACCOUNTING POLICIES

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

All financial liabilities are recorded 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.

Bank 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 described in **Note 30** Derivative financial instruments and hedging transactions.

Except for derivative financial liabilities (see **Note 30**), 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 2022 and 2021 is as follows:

Financial liabilities and payables				€ Thousand
Year 2022	Notes	Current	Non-current	Total
Bank borrowings relating to finance leases	Note 24	162,754	531,963	694,717
Other bank borrowings				
Variable rate		524,215	1,270,230	1,794,445
Fixed rate		4,849	8,712	13,561
Bonus, obligations and similar issuances		16,921	1,392,938	1,409,859
Other Finance liabilities		7,674	6,242	13,916
Subtotal financial liabilities		716,413	3,210,085	3,926,498
Trade payables	Note 22	4,982,331	51,354	5,033,685
Derivatives	Note 22 and 30	1,312,549	234,154	1,546,703
Total		7,011,293	3,495,593	10,506,886

Year 2021	Notes	Current	Non-current	Total
Bank borrowings relating to finance leases	Note 24	135,058	552,140	687,198
Other bank borrowings				
Variable rate		120,629	1,764,269	1,884,898
Fixed rate		3,077	2,379	5,456
Bonus, obligations and similar issuances		17,582	1,489,936	1,507,518
Other Finance liabilities		8,209	9,532	17,741
Subtotal financial liabilities		284,555	3,818,256	4,102,811
Trade payables	Note 22	3,724,031	64,209	3,788,240
Derivatives	Note 22 and 30	779,466	413,300	1,192,766
Total		4,788,052	4,295,765	9,083,817

Derivative liabilities mainly include the valuation of commodity swaps as part of the strategy to hedge the fair value of firm gas purchase commitments, as well as certain cross currency swaps contracted for exchange rate and interest rate hedges.

In 2022, as has been customary since the signing of the 2 billion euro syndicated revolving credit facility in 2014, approval was received from the 18 banks participating in this facility to extend its maturity for a further year and, for the first time, it has been agreed that its economic conditions will be linked to the fulfillment of environmental and social indicators. With unanimous consent therefrom, the maturity was extended to September 2027, notably improving CEPSA's liquidity quality. Of this amount, there were no amounts drawn down at the date of this document.

On September 13, 2022, CEPSA Finance launched a tender offer to repurchase part of its 2028 notes at a price of 85% of its face value, for a maximum amount of 100 million euros. The purpose of the Offer was to decrease the Group's gross debt and is intended to optimize the Group's balance sheet structure. The offer was completed on September 20, and the entire target amount was repurchased at the offer price. The shares are listed on Euronext Dublin.

Our bonds are rated "Investment Grade" by the three main international rating agencies Moody's, S&P and Fitch. CEPSA's Investment Grade rating has been confirmed for 2022 following reviews in March, April and August by Fitch, S&P and Moody's, respectively.

The breakdown of bonds in circulation at the end of 2022 is as follows:

Bonds and securities issued								€ Thousand
Title	Notes	Amortized cost	Fair value	Date of issue	Issue currency	Nominal value	Initial maturity	Remuneration
Bonds XS1996435688		497,442	465,635	2019 May	Eur	500,000	2025 Feb	Annual coupon 1.00%
Bonds XS2117485677		398,054	319,916	2020 Feb	Eur	400,100	2028 Feb	Annual coupon 0.75%
Bonds XS2202744384		497,442	463,565	2020 Jul	Eur	500,000	2026 Feb	Annual coupon 2.25%
Total	Note 31	1,392,938	1,249,116			1,400,100		

The breakdown by maturity of all financial liabilities at December 31, 2022 and 2021, is as follows:

Financial liabilities - Maturities							€ Thousand
Year 2022	2023	2024	2025	2026	2027	Others	Total
Bank borrowings relating to finance leases	162,754	110,931	87,877	72,185	57,997	202,973	694,717
Other bank borrowings							
Variable rate	524,215	131,256	158,796	550,808	201,481	227,889	1,794,445
Fixed rate	4,849	2,749	1,790	1,120	838	2,215	13,561
Bonus, obligations and similar issuances	16,921	-	497,442	497,442	-	398,054	1,409,859
Other Finance liabilities	7,674	2,425	1,164	958	585	1,110	13,916
Subtotal financial liabilities	716,413	247,361	747,069	1,122,513	260,901	832,241	3,926,498
Trade payables	4,982,331	44,677	654	804	604	4,615	5,033,685
Derivatives	1,312,549	39,298	38,571	88,955	10,110	57,220	1,546,703
Total	7,011,293	331,336	786,294	1,212,272	271,615	894,076	10,506,886

Year 2021	2022	2023	2024	2025	2026	Others	Total
Bank borrowings relating to finance leases	135,058	106,882	91,587	77,081	64,754	211,836	687,198
Other bank borrowings							
Variable rate	120,629	454,253	136,920	224,962	639,702	308,432	1,884,898
Fixed rate	3,077	1,209	585	585	-	-	5,456
Bonus, obligations and similar issuances	17,582	-	-	497,976	495,496	496,464	1,507,518
Other Finance liabilities	8,209	4,175	1,770	1,053	908	1,626	17,741
Subtotal financial liabilities	284,555	566,519	230,862	801,657	1,200,860	1,018,358	4,102,811
Trade payables	3,724,031	58,581	591	590	684	3,763	3,788,240
Derivatives	779,466	330,478	26,793	13,952	24,001	18,076	1,192,766
Total	4,788,052	955,578	258,246	816,199	1,225,545	1,040,197	9,083,817

The breakdown by currency ⁷ of bank borrowings and other financial liabilities at December 31, 2022 and 2021, is as follows:

Financial liabilities - Currencies							€ Thousand
	2022			2021			
	Current	Non-current	Total	Current	Non-current	Total	
Euros	504,870	2,432,086	2,936,956	140,822	2,956,947	3,097,769	
Dollars (\$ USA)	82,202	630,116	712,318	43,935	663,233	707,168	
Other foreign currencies	129,341	147,883	277,224	99,798	198,076	297,874	
Total financial liabilities	716,413	3,210,085	3,926,498	284,555	3,818,256	4,102,811	

The breakdown of the bank borrowing changes for the third quarter is as follows:

Gross borrowing - Movements			€ Thousand
	2022	2021	
Bank borrowings - Non current - at the beginning of period	3,818,256	4,573,169	
Bank borrowings - Current - at the beginning of period	284,555	236,054	
Total at the beginning of period	4,102,811	4,809,223	
Additions	500,000	429,967	
Overdrafts movements	(563,748)	(327,804)	
Repayments	(160,887)	(971,944)	
Other movements			
Foreign exchange fluctuations	40,803	102,000	
IFRS 16 impact - Leasing	7,519	61,369	
Bank borrowings - Non current - at the end of period	3,210,085	3,818,256	
Bank borrowings - Current - at the end of period	716,413	284,555	
Total at end of the period	3,926,498	4,102,811	

The average annual nominal interest rate on the loans in euros was 0.80% and 0.66% in 2022 and 2021 respectively, and on foreign currency debts of 2.96% and 3.21%, mainly in US dollars and Chinese yuan. The weighted average cost of the financing received was 2.53% in 2022 and 2.49% in 2021, including the effect of interest rate derivatives.

In 2022, due to the situation between Russia and Ukraine and its impact on market volatility, particularly on energy commodity prices, CEPSA decided to further strengthen its liquidity profile and be better prepared to face new uncertainties. To this end, CEPSA signed new 3-year credit lines for a total of 500 million euros, reinforcing its already solid liquidity position.

At December 31, 2022, and throughout the year, the CEPSA Group was not affected by the need to comply with any financial ratios as it is an externally rated company.

⁷ Cross Currency Swaps exist in respect of 1,869 million euros that transform this indebtedness into 2,233 million USD, so that the respective volumes of USD debt and EUR debt in 2021, for currency and interest rate risk purposes, are similar to those of the previous year, after discounting the effect of the application of IFRS 16 in 2021.

At December 31, 2022 and 2021, the CEPSA Group companies had undrawn credit lines totaling over 3,270 million euros and 2,819 million euros, respectively. In addition to these available limits, there were at those dates amounts of CASH AND CASH EQUIVALENTS included under CASH ASSETS in the Consolidated Balance Sheets of 476 and 657 million euros in 2022 and 2021, respectively (see **Note 16**).

19. Capital Grants

ACCOUNTING POLICIES

Grants related to assets are measured at fair value. Non-refundable grants are recorded 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 recorded as non-current debt transformable into grants under OTHER NON-CURRENT LIABILITIES. Operating subsidies are paid on the basis of profits 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 23**).
- If an impairment loss was recorded on the emission allowances received from the Government, as an adjustment to the initially recorded value (see **Note 8**).

The changes in 2022 and 2021 and the balances, classified by items, at year-end are as follows:

Capital grants					€ Thousand
Year 2022	Notes	Balance at 01.01.2022	Additions	Transferred to profit and loss	Balance at 12.31.2022
Grants related to assets		9,448	749	(2,430)	7,767
Greenhouse gas emissions allowances		15,826	250,248	(262,527)	3,547
Total	Note 23	25,274	250,997	(264,957)	11,314

Year 2021	Notes	Balance at 01.01.2021	Additions	Transferred to profit and loss	Balance at 12.31.2021
Grants related to assets		10,085	2,658	(3,295)	9,448
Greenhouse gas emissions allowances		13,228	106,556	(103,958)	15,826
Total	Note 23	23,313	109,214	(107,253)	25,274

In 2022 and 2021, 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.

Greenhouse gas emission allowances include, within additions, the market value of free emission allowances at the time of their allocation, amounting to 250,248 thousand euros of which at year-end 51,265 thousand euros had been deteriorated due to the fall in the price of emission allowances and, in the incorporation to income, both the adjustment of the value initially booked for the amount recorded as impairment loss of the allowances received from the Administration, and the allocation of the value of the allowances allocated for the CO₂ emissions made in the year (see **Note 8**).

20. Pension and similar obligations

20.1. 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 disability benefits in accordance with specifications of their plans.

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 recorded as expenses or income for the year, as appropriate, and their amount was not material.

The cost of this plan, recorded under STAFF COST in the income statement, amounted to 19,750 and 16,171 thousand euros in 2022 and 2021, respectively.

20.2. 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 stores. Actuarial studies are performed annually and the actuarial gains and losses are recorded 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, rights were recorded in favor of a group of employees who subscribed to a Voluntary Redundancy Plan, under which the Group guaranteed them an income until their retirement date.

The provisions recorded in the balance sheet for these commitments at December 31, 2022 and 2021 amounted to 80,908 and 42,443 thousand euros, respectively.

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 4.08 years.

21. 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 recorded 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 CO₂ emissions (Also see **Note 8.**)

The obligation to deliver emission allowances for the CO₂ emissions produced in the year is recorded 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 2022 and 2021, are as follows:

€ Thousand

Provisions for third-party liability

Year 2022	Notes	Balance at 01.01.2022	Additions	Interest cost	Other changes	Utilization	Unused provisions	Balance at 12.31.2022
Provisions for third-party liability		84,112	34,520	3,859	3,090	(3,961)	(16,464)	105,156
Decommissioning provisions		303,685	72,640	13,062	(223,832)	(8,288)	(9,490)	147,777
Environmental provisions	Note 28	25,367	40,081	786	-	(1,480)	(153)	64,601
Other provisions		12,478	210	202	(2,658)	-	(958)	9,274
Total		425,642	147,451	17,909	(223,400)	(13,729)	(27,065)	326,808

Year 2021	Notes	Balance at 01.01.2021	Additions	Interest cost	Other changes	Utilization	Unused provisions	Balance at 12.31.2021
Provisions for third-party liability		64,173	48,021	1,833	1,342	(20,825)	(10,432)	84,112
Decommissioning provisions		243,523	2,321	9,336	52,053	(1,209)	(2,339)	303,685
Environmental provisions	Note 28	23,722	3,659	119	-	(2,009)	(124)	25,367
Other provisions		15,567	2,036	103	(121)	(4,977)	(130)	12,478
Total		346,985	56,037	11,391	53,274	(29,020)	(13,025)	425,642

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 2022, this heading includes the appeals filed by the Company against the resolutions of the National Markets and Competition Commission ("CNMC") in 2015, under which CEPSA was fined 2.5 million euros. These appeals (already in the cassation phase before the Supreme Court, having been previously rejected by the National High Court) are in the process of being processed, pending the possible scheduling of a public hearing.

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

- Colombia 9.10%,
- Peru 6.20%,
- Algeria 10.40%,
- United Arab Emirates 4.70%, and
- Spain 5.40%.

At the beginning of 2022, the Company announced the start of the processes for the decommissioning of the Tenerife Refinery. A project that involves the gradual de-installation of the different units of the refinery and subsequent soil remediation, two of the fundamental steps to meet the objectives of Santa Cruz Verde 2030 (SCV2030). For this purpose, provisions amounting to 68,253 thousand euros have been recorded, which have increased the carrying amount of the assets involved in this decommissioning process.

Additionally, the OTHER CHANGES column includes the amount of 155 million euros by the transfer of the decommissioning provision in "Cepsa EP Abu Dhabi, S.L.U." a HELD FOR SALE (see **Note 5.2**).

The ENVIRONMENTAL PROVISION includes estimates in respect of the Group's legal or contractual obligations or commitments to prevent, reduce or repair damage to the environment charged to professional services or repairs and maintenance in general. 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.

During 2022, environmental provisions amounting to 36,992 thousand euros were recorded in relation to the decommissioning of the Tenerife Refinery, which are recorded under OTHER OPERATING EXPENSES in the Consolidated Income Statement.

CEPSA's management considers that the provisions recorded 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.

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

The breakdown of the balances of TRADE and OTHER PAYABLES in 2022 and 2021 is as follows:

	€ Thousand	
	2022	2021
Trade payables		
Trade payables	3,809,193	2,696,727
Trade payables to associates and joint ventures	10,417	88,159
Customers advances	8,051	34,950
Total	3,827,661	2,819,836

The increase in TRADE PAYABLES is mainly due to the recovery in demand strongly impacted in the exercise 2021 by the pandemic in fiscal 2021 and the high crude oil prices reached during fiscal 2022 due to the geopolitical situation in Ukraine.

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. Third additional provision "Duty of information" of Law 15/2010, of July 5, amended by Law 18/2022, on the creation and growth of companies. In particular, Article 9 extends the information that commercial companies must include in their annual accounts:

	2022	2021
	Days	Days
Information on average supplier payment periods		
Average period for payment to suppliers	20	25
Ratio of paid transactions	20	24
Ratio of outstanding payment transactions	41	45
	€ Thousand	€ Thousand
Total payments made	39,972,303	36,667,103
Total payments pending	1,562,176	1,013,631
Total payments made in less than maximum period	36,669,826	-
Percentage of total payments made	92%	0
	Number of invoices	Number of invoices
Total number of invoices paid in less than maximum period	589,370	-
Total number of invoices paid	787,002	-
Percentage of total number of invoices paid	75%	-

The breakdown of the balances of OTHER PAYABLES AND LIABILITIES ACCRUED FOR NON-FINANCIAL TRANSACTIONS in 2022 and 2021 is as follows:

		2022		2021	
		Non-current	Current	Non-current	Current
Other current liabilities					
Liabilities from taxes other than income tax		-	255,508	-	282,176
Tax income payables		-	142,094	-	45,070
Fixed assets payables		20,314	118,826	57,617	59,817
Payroll		-	128,942	-	101,414
Non-trade payables to associates and joint ventures		-	8,506	-	2,690
Other liabilities		26,131	138,440	2,276	222,776
Liabilities from derivatives	Notes 18 & 31	234,154	1,312,549	413,300	779,466
Guarantees/deposits received		4,909	5,753	4,316	5,163
Provisions, short term		-	356,600	-	185,093
Total		285,508	2,467,218	477,509	1,683,665

FINANCIAL DERIVATIVE LIABILITIES at December 31, 2022 include mainly the valuation of commodity swaps as part of the strategy to hedge the fair value of firm gas and crude purchase commitments, as well as certain cross currency swaps contracted for currency and interest rate hedges. (See **Note 30**).

PROVISIONS at December 31, 2022 and 2021 include mainly the amounts of 339,481 and 172,112 thousand euros, respectively, relating to the obligation to deliver emission rights for CO₂ emissions made. The increase in the provision was mainly due to the increase in the price of the aforementioned rights.

23. 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.

Since 2022, the Group applies "agent" accounting for certain transactions with at least the following characteristics: (i) the Group is not primarily responsible for the fulfillment of the commitment to provide the goods or services; (ii) the Group has no inventory risk before and after the transfer of control to the customer; and (iii) there is no real ability to establish sales prices, except for a margin for brokerage commissions. Impact on results for both current and previous years is zero.

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 amounting to cumulative revenue recorded 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 recorded:

- 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 recorded 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 2022 and 2021 is as follows:

	€ Thousand	
Revenue	2022	2021
Sales of goods	30,996,159	22,251,928
Services provided	367,182	219,863
Sales returns and volume discounts	(161,102)	(136,726)
Oil and gas exercise duties	2,244,209	2,196,582
Total	33,446,448	24,531,647

In 2022, Group sales were 30,996,159 thousand euros (22,251,928 thousand euros in 2021) driven by the normalization of demand following the pandemic and the high prices recorded during the year.

The income generated by exchange transactions with other operators, not included in NET REVENUE in 2022 and 2021 amounted to 2,308,794 and 1,253,761 thousand euros, respectively.

From April 2022, CEPSA offered special discounts on fuels. Until the end of the year, customers were able to discount up to 50 cts/l, of which 20 cts/l were covered by the Spanish Government and an additional 30 cts/l through CEPSA discounts. These discounts, which remained in effect until the end of the year, had a negative impact on the Company's service station business, resulting in a lack of profits for the year of approximately 130 million euros.

	€ Thousand	
Procurements	2022	2021
Purchases	25,005,503	17,660,576
Changes in inventories	326,673	461,585
Total	25,332,176	18,122,161

The breakdown of personnel expenses for financial years 2022 and 2021 is as follows:

		€ Thousand	
Staff costs	Notes	2022	2021
Wages and salaries		671,519	473,055
Pension contributions and life insurance premiums	Note 20.1	19,750	16,171
Other staff costs		144,549	125,712
Total		835,818	614,938

In 2021, the Board of Directors approved a management incentive plan linked to the achievement of certain objectives set by the Group. The settlement of the plan with the participants may be formalized through the delivery of a number of shares and/or amounts in cash.

In order to make the best estimate of the amount to be settled, as non-market conditions as defined in IFRS 2, the different variables involved in determining the settlement value are periodically reevaluated:

- Expected date for the plan's settlement.
- Number of participants who will meet the continuance requirement.
- Level of compliance objectives, using models based on discounted future cash flows.

During the 2022 financial year, the Group has recorded expenses associated with this plan in the amount of 98 million euros (zero in 2021). The directors estimate that 54% of this amount will be paid in shares. Also, during the year there were no settlements to participants or consolidation of rights.

The average number of employees in 2022 and 2021, by category and regardless of the employment relationship, was as follows:

	Average headcount	
Workforce by professional category	2022	2021
Executive Directors	1	1
Managers	11	9
Executives/ Department Heads	842	750
Other line personnel	3,279	3,193
Skilled employees/ Assistants/ Clerical staff	6,039	5,834
Total	10,172	9,787

At December 31, 2022 and 2021, the number of employees, by professional category and gender, is as follows:

	2022			2021		
Workforce at closing by professional category and sex	Women	Men	Total	Women	Men	Total
Executive Directors	-	1	1	-	1	1
Managers	3	8	11	1	8	9
Executives/ Department Heads	235	643	878	203	590	793
Other line personnel	1,089	2,320	3,409	987	2,187	3,174
Skilled employees/ Assistants/ Clerical staff	2,588	3,423	6,011	2,458	3,385	5,843
Total	3,915	6,395	10,310	3,649	6,171	9,820

The average number of employees as of December 31, 2022 and 2021 of people with a disability higher than or equal to 33%, by category, is the following:

Workforce by professional category - Disabled staff	Average headcount	
	2022	2021
Executives / Department heads	3	3
Other line personal	29	24
Skilled employees / Assistants / Clerical staff	81	83
Total	113	110

At December 31, 2022 and 2021, the breakdown of OTHER OPERATING COSTS is as follows:

Other operating costs	€ Thousand	
	2022	2021
Third party services received	1,562,604	1,316,699
Transport and freight	426,951	337,302
Taxes and other tax income	72,166	56,519
Environmental costs	50,737	14,603
Other operating costs	373,014	311,965
Total	2,485,472	2,037,088

In addition, under OTHER OPERATING EXPENSES in the above table, the following information must be provided concerning auditing and similar services:

Audit fees	€ Thousand			
	2022		2021	
	Lead Auditor	Others Auditors	Lead Auditor	Others Auditors
Financial Audit Services				
In Spain	1,131	116	800	224
Abroad	391	120	385	140
Other assurance services	770	6	461	6
Other services	266	181	721	132
Total	2,558	423	2,367	502

The breakdown at December 31, 2022 and 2021 of NON-FINANCIAL CAPITAL GRANTS AND OTHERS is as follows:

Allocation of capital grants	Notes	€ Thousand	
		2022	2021
Allocation of Greenhouse Gas allowances		262,527	103,958
Allocation of capital allowances		2,430	3,295
Total	Note 19	264,957	107,253

In 2022 and 2021, the breakdown of impairment losses and gains or losses on the disposal of non-current assets recorded is as follows:

Impairment and gain or losses on disposals of non-current assets	Notes	€ Thousand	
		2022	2021
Impairment of other non-current assets	Note 13.3	5,528	48,471
Gain or (losses) on disposals of non-current assets		(48,930)	123,947
Total		(43,402)	172,418

IMPAIRMENT OF OTHER NON-CURRENT ASSETS in 2022 corresponds mainly to the reversal of Exploration and Production assets and the Gas and Power business. In 2021, an impairment reversal was recorded for certain assets, generally in Exploration and Production and Chemicals.

Gains (losses) on Disposal of Fixed Assets includes disposals of fixed assets that contributed to the Group's profits, including most notably, in 2022, the irreversible impairment of allocated CO₂ rights. In 2021, this included the sale of CO₂ rights and the sale of platinum contained in catalysts and other precious metals.

24. Leases

ACCOUNTING POLICIES

Effective as of January 1, 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 January 1, 2019, discounted using the incremental borrowing rate at that date. See **Note 11** 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 December 31, 2022 and 2021 are as follows:

Lease contracts - Maturities

€ Thousand

Year 2022	Operating		Financial IFRS 16	Total
	Outside IFRS 16	Under IFRS 16		
2023	57,271	173,455	911	231,637
2024	10,451	122,539	743	133,733
2025	4,473	99,811	359	104,643
2026	821	81,665	131	82,617
2027	306	63,633	1	63,940
2028 and beyond	618	241,906	-	242,524
Total future payments	73,940	783,009	2,145	859,094
Less Interest	-	(90,437)	-	(90,437)
Present value of minimum payments	73,940	692,572	2,145	768,657
Less planned current payments	-	-	-	-
Non current liabilities of leasing contracts	73,940	692,572	2,145	768,657

Year 2021	Operating		Financial IFRS 16	Total
	Outside IFRS 16	Under IFRS 16		
2022	24,912	154,078	910	179,900
2023	1,590	130,933	910	133,433
2024	1,191	103,135	741	105,067
2025	868	87,599	357	88,824
2026	735	70,233	129	71,097
2027 and beyond	81	237,700	1	237,782
Total future payments	29,377	783,678	3,048	816,103
Less Interest	-	(99,528)	-	(99,528)
Present value of minimum payments	29,377	684,150	3,048	716,575
Less planned current payments	-	-	-	-
Non current liabilities of leasing contracts	29,377	684,150	3,048	716,575

A) OPERATING LEASES

The most significant operating leases relate to the rental of buildings and land, technical installations, crude oil and product supply tankers and service stations leased to third parties.

In 2022, lease payments under operating lease arrangements totaled 158,668 thousand euros (134,080 thousand euros in 2021). Contingent payments recorded in the Consolidated Statement of Profit or Loss are not significant, as was the case in 2021.

B) FINANCE LEASES

The main items of PROPERTY, PLANT AND EQUIPMENT acquired under finance leases are information processing equipment, service station contracts, concession contracts, ships and offices (see **Note 10**).

25. 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.
- Exchange gains or losses on financial assets and liabilities.
- Ineffective hedges recorded under profits.
- The reclassification of net earnings previously recorded 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 recorded under profits on the date when the Group became entitled to receive payment.

Financial income and expense for 2022 and 2021 are as follows:

	€ Thousand	
Finance income	2022	2021
Interest income on loans	17,848	14,325
Income from equity investments	3,267	2,366
Other finance income	383,914	186,949
Total	405,029	203,640
Finance cost	2022	2021
Interest on borrowings	149,164	125,312
Finance costs from reameasurement	38,224	15,995
Net exchange differences	12,645	81,472
Other finance cost	378,369	121,485
Total	578,402	344,264

The increase in Other financial expenses/income is mainly due to the variation in the fair value corresponding to the Cross Currency Swaps recorded.

The breakdown of the FINANCE COST OF NET BORROWINGS and other finance income and costs for 2022 and 2021, are as follows:

	€ Thousand	
Finance cost of net borrowings	2022	2021
Finance income	17,848	14,325
Finance cost	(149,164)	(125,312)
Total	(131,316)	(110,987)
Other finance income and costs	2022	2021
Income from equity investments	3,267	2,366
Gains (losses) on financial instruments measured at fair value (financial derivatives)	15,787	62,700
Exchange differences	(12,645)	(81,472)
Income and costs from commissions	(8,479)	(8,373)
Finance costs from reameasurement	(38,224)	(15,995)
Other finance income and costs	(1,763)	11,137
Total	(42,057)	(29,637)

In 2022 and 2021, the breakdown of impairment losses and gains or losses on the disposal of financial instruments is as follows:

		€ Thousand	
Impairment and gains / (losses) on disposal of Finance instruments	Notes	2022	2021
Increase/decrease in finance instrument impairments	Note 13.3	(837)	(27)
Finance instruments disposal result		47,433	(6,772)
Total		46,596	(6,799)

In 2022 GAINS ON DISPOSAL OF FINANCIAL INSTRUMENTS includes mainly the profit/loss from the liquidation of "Cepsa Energy Company International, Ltd." in the amount of 33 million euros and the gain recorded on the early repurchase of the bonds issued in the amount of 15 million euros (see **Note 18**).

26. Tax matters

ACCOUNTING POLICIES

Current and deferred income taxes are recorded under *INCOME TAX* in the accompanying Consolidated Income Statement, except when they arise from economic events that have been directly recorded 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 recorded when it is considered that, according to the best estimate on the Group's future profits, 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 recorded 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, recorded deferred tax assets and unrecorded 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 recorded 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 recorded 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 recorded 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 2022.

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

26.1. Tax expense recorded in profits and equity

The breakdown of the CORPORATE TAX EXPENSE for 2022 and 2021 is as follows:

	€ Thousand	
Income tax	2022	2021
In the consolidated statement of profit and loss		
Current tax cost		
Period tax cost	1,471,683	518,363
Adjustments to the tax cost for the period or prior years	(32,435)	(2,592)
Deferred tax cost		
Related to the creation or reversal of temporary differences	(182,055)	131,974
Total tax cost (income) recognised in the Consolidated Statement of Profit or Loss	1,257,193	647,745
In the consolidated statement of changes in equity	2022	2021
Deferred tax cost		
Related to the creation or reversal of temporary differences	24,118	31,570
Total tax cost / (income) recognised in Other Comprehensive Income (Equity)	24,118	31,570

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 60,944 thousand euros in 2022 (income 34,289 thousand euros in 2021).

26.2. Reconciliation of the effective tax rate

The income tax expense is obtained based on the ACCOUNTING INCOME BEFORE TAXES for the years 2022 and 2021 is as follows:

	€ Thousand	
Reconciliation of accounting profit and income tax	2022	2021
Accounting profit (before taxes)	2,388,892	1,370,388
25% tax rate	597,223	342,597
Difference due to different tax rates	955,923	246,120
Permanent differences	212,725	84,389
Tax credits and relief applied	(476,243)	(22,769)
Adjustments to the tax cost for the period or prior years	(32,435)	(2,592)
Total income tax cost / (income)	1,257,193	647,745

The line DIFFERENCE DUE TO DIFFERENT TAXES includes mainly the effect of the difference in tax rates to which CEPSA is subject due to the different taxes on profit from hydrocarbon production activities applied in Algeria 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 Petroleum Revenues (TRP),
- the Supplementary Income Tax (ICR) whose tax rate is based on the profits earned, and
- the Royalty on production (redevance).

The combined accrued share of both taxes for 2022 and 2021 amounts to 208,075 and 143,158 thousand euros respectively.

In Abu Dhabi, hydrocarbon exploration, development and operation activities are subject to CORPORATE INCOME TAX, SUPER PROFIT TAX and Royalty on production.

The combined accrued share of both taxes for 2022 and 2021 amounts to 1,080,647 and 425,007 thousand euros respectively.

In other tax jurisdictions, the differences in tax rates do not show significant differences overall.

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 recorded in 2022 and 2021 mainly correspond to impairment on assets, 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.

In calculating the Corporate Income Tax expense for each year, the Group takes into account the applicable tax credits for double international taxation for income received abroad via Permanent Establishments and dividends, certain activities, and other tax incentives, in accordance with the rules applicable in each period.

In fiscal year 2021 CEPSA applied the exemption method as a mechanism to avoid double taxation and in fiscal year 2022 it applied the tax allocation method.

The amounts included in the line ADJUSTMENTS TO TAX FOR THE PERIOD OR PRIOR YEARS, which amount in 2022 and 2021 to 32,435 thousand euros of income and 2,592 thousand euros of income, respectively, include the difference between the Expense recorded for Corporate Income Tax at December 31, 2021 and 2020 and that corresponding in accordance with the final settlement of those years and the recognition of Negative Taxable Bases from prior years and the complementary settlements made in this year relating to the years 2017-2018-2019. In 2021, the amount of the aforementioned expense of 35 million euros and other Corporate Income Tax adjustments from previous years were included.

26.3. Changes in balances due to deferred tax

The balances of deferred tax assets and liabilities at the end of 2022 are shown below, broken down according to their origin:

Deferred tax assets and liabilities in the CEPSA Group by origin € Thousand

Year 2022	Balance at 01.01.2022	Additions	Interest cost	Derecog- nitions	Movements in equity	Translation difference	Transfers (Note 5.2)	Other changes	Balance at 12.31.2022
Deferred tax assets									
Depreciation	27,370	4,965	-	(3,459)	-	579	(692)	441	29,204
Impairment	304,762	40,247	-	(332,629)	-	35	-	-	12,415
Tax loss carryforwards	176,212	61,352	-	(1,754)	-	180	-	32	236,022
Tax deductions pending application	122,702	460,692	-	(5,204)	-	5,769	9	(5,763)	578,205
Losses in permanent establishments	23,152	2,113	-	-	-	1,433	-	-	26,698
Hedging	194,488	-	-	(8,394)	63,024	-	1,817	-	250,935
Inventories	1,688	-	-	-	-	2	-	-	1,690
Provisions	34,233	51,156	-	(14,487)	134	618	98	108	71,860
Uncertain tax treatments	35,004	1,862	-	-	-	-	-	-	36,866
Others	23,611	70,542	-	(5,080)	-	(673)	(713)	(10)	87,677
Total deferred tax assets	943,222	692,929	-	(371,007)	63,158	7,943	519	(5,192)	1,331,572
Deferred tax liabilities									
Depreciation	355,528	100,613	-	(13,808)	-	15,526	(366,581)	-	91,278
Impairment	9,191	-	-	-	-	587	(10,934)	1,158	2
Leasing	5,449	-	-	(1,316)	-	-	-	-	4,133
Hedging	39,487	-	-	(185)	47,224	-	32	-	86,558
Inventories	967	-	-	-	-	-	-	-	967
Provisions	5,211	(4)	-	78	-	405	62	-	5,752
Additions for business combinations	-	-	-	-	-	-	-	-	-
Uncertain tax treatments	201,008	69,312	6,003	(21,768)	-	2,957	1,581	(17,074)	242,019
Others	22,474	300	-	7,454	-	953	(237)	(2,482)	28,462
Total deferred tax liabilities	639,315	170,221	6,003	(29,545)	47,224	20,428	(376,077)	(18,398)	459,171
Net deferred taxes	303,907	522,708	(6,003)	(341,462)	15,934	(12,485)	376,596	13,206	872,401

The heading DEFERRED TAX ASSETS on the consolidated Balance Sheet essentially recognizes:

- the tax effect of hedging the net investment in foreign companies, amounting to 244 million euros,
- the tax effect of additional impairment losses on certain non-current assets amounting to 12 million euros,
- tax loss carryforwards amount to 236 million euros,
- 578 million euros of deductions pending application generated mostly in fiscal year 2022 by applying the tax allocation method for results from Algeria and Abu Dhabi (See **Note 26.2**).

DEFERRED TAX LIABILITIES on the consolidated Balance Sheet mainly recognizes:

- derivatives by the application of the provisions of the Eleventh Additional Provision introduced in the Text of the Corporation Tax Law on the basis of Article 1.12 of Law 4/2008, of 23 December, which regulates the freedom of depreciation with maintenance of employment of 91 million euros. In 2022, LIABILITIES HELD FOR SALE have been reclassified to 377 million euros arising from temporary differences between accounting and tax depreciation of our assets in Abu Dhabi,
- liabilities for uncertain tax treatments amounts to 242 million euros, mainly due to non-compliant tax records and arrears interest thereon.

The situation at 2021 year-end was as follows:

Deferred tax assets and liabilities in the CEPSA Group by origin

€ Thousand

Year 2021	Balance at 01.01.2021	Additions	Interest cost	Derecog- nitions	Movements in equity	Translation difference	Transfers	Other changes	Balance at 12.31.2021
Deferred tax assets									
Depreciation	24,212	11,264	-	(7,938)	-	(1)	(168)	1	27,370
Impairment	341,045	43	-	(58,554)	22,223	5	-	-	304,762
Tax loss carryforwards	158,568	36,022	-	(17,358)	-	861	349	(2,230)	176,212
Tax deductions pending application	115,180	12,504	-	(8,800)	-	7,593	(359)	(3,416)	122,702
Losses in permanent establishments	23,736	153	-	-	-	1,980	-	(2,717)	23,152
Hedging	168,662	-	-	(84)	27,696	(1)	(1,785)	-	194,488
Inventories	6,334	5	-	(4,651)	-	-	-	-	1,688
Provisions	26,430	18,168	-	(10,464)	15	108	(23)	(1)	34,233
Uncertain tax treatments	6,856	17,072	11,076	-	-	-	-	-	35,004
Others	23,194	1,321	-	(4,218)	(1)	2,025	1,293	(3)	23,611
Total deferred tax assets	894,217	96,552	11,076	(112,067)	49,933	12,570	(693)	(8,366)	943,222
Deferred tax liabilities									
Depreciation	236,648	124,900	-	(16,120)	-	9,970	(699)	829	355,528
Impairment	3,995	9,414	-	(238)	-	-	(3,980)	-	9,191
Leasing	5,895	-	-	(446)	-	-	-	-	5,449
Hedging	47,247	-	-	(3,886)	(3,874)	-	-	-	39,487
Inventories	967	-	-	-	-	-	-	-	967
Provisions	3,138	1,894	-	(222)	-	182	219	-	5,211
Uncertain tax treatments	202,641	155	3,647	(1,881)	-	4,225	(1,581)	(6,198)	201,008
Others	17,069	2,506	-	383	-	1,061	1,559	(104)	22,474
Total deferred tax liabilities	517,600	138,869	3,647	(22,410)	(3,874)	15,438	(4,482)	(5,473)	639,315
Net deferred taxes	376,617	(42,317)	7,429	(89,657)	53,807	(2,868)	3,789	(2,893)	303,907

26.4. 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, there are assessments signed in disagreement for a number of taxes in Spain, including Corporate Income Tax for the periods 2005-2008, 2009-2012 and 2013-2016, on which the CEPSA Group has filed the corresponding appeals before the relevant courts. The Group has duly created provisions that fulfill the specified probability requirements to cover the amounts relating to said tax assessments up to 2022 year-end.

In 2021, the National Court ruled in favor of the Group, voiding the corporate income tax assessments for the years 2009 to 2012. As a result of this Resolution, CEPSA recorded income of 29 million euros (18 million euros in fees and 11 million euros in interest).

In December 2019, Colombian authorities closed the Income Tax audit corresponding to financial year 2015 and issued assessments amounting to 73 million euros, 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. A decision is currently pending before the Court of Cundinamarca.

Additionally and for the same reason, in September 2021, the DIAN notified two settlements amounting to 23 million euros for Income Tax and CREE corresponding to the 2016 fiscal year, including the same assessments signed in disagreement relating to the 2015 fiscal year, to which the corresponding late payment interest calculated in the same way, since 2017, should be added. Also, on March 31, 2022, the claim against the liquidation presented in December 2021 for CREE was admitted. At the close of the fiscal year the entity is awaiting the response of the reform to the claim filed before the Cundinamarca court on June 21, 2022 for CREE.

On August 29, 2022, the Colombian authorities issued a supplementary liquidation for income tax for the year 2017 for an amount of 1.1 million euros, which has been appealed before the Court of Cundinamarca.

Supported by the judgment of the renowned external consultants hired to analyze this matter, the Company considers that the possibility of obtaining a resolution favorable to the Group in judicial proceedings is very high, although the tax procedure has some uncertainties arising from the likely prolonged litigation time (5 to 6 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 2022 and 2021 financial statements.

Furthermore, financial year 2018 and subsequent financial years remain open to inspection by Colombian authorities.

The Group has recorded a liability for an ongoing litigation with the Brazilian tax authorities, which, following the conclusions recently published by the Federal Supreme Court on the CSLL, amounting 42 million euros, and the corresponding interest on arrears of 14 million euros.

In Algeria, 2018 and subsequent years remain open for inspection, while in Abu Dhabi only 2019 and subsequent years remain open for inspection.

CEPSA Management does not expect any additional material liabilities for which provisions have not been recorded 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.

In the Official State Gazette of December 28, 2022, Law 38/2022, of December 27, 2022, for the establishment of the temporary energy tax was published. This Law, in force as from the day following its publication, establishes that the tax will have the nature of a non-tax public benefit and will be levied in 2023 and 2024 on the main electricity, natural gas, fuel and liquefied petroleum gas operators whose net turnover exceeds certain thresholds, as well as on companies with a certain turnover from crude oil, natural gas, coal mining or oil refining activities. Its amount will be equal to 1.2% of the net turnover derived from the aforementioned activities carried out in Spain in 2022 and 2023, respectively, adjusted by the amount of certain income items, including, among others, the Tax on Hydrocarbons.

Additionally, this law introduced a time limitation as from January 1, 2023, whereby only 50% of the individual tax losses corresponding to each and every one of the entities comprising the tax group may be included in the taxable income of the tax group. The amount of the individual tax loss carryforwards not included in the taxable income of the tax consolidation group will be included, in equal parts, in the ten tax periods beginning on or after January 1, 2024.

26.5. Unrecorded deferred tax assets and liabilities

The Group has not recorded deferred tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associates and joint ventures amounting to 191,663 thousand euros as of December 31, 2022 compared to 173,468 thousand euros as of December 31, 2021.

The Group did not record any deferred tax assets arising from tax losses amounting to 36,478 thousand euros in 2022 and 59,687 thousand euros in 2021, given that according to its projected results, recovery of these assets is not considered possible.

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 234%, although the contingent tax liability has not been recorded, as a decision against the Group's interests has been deemed unlikely.

27. 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 536,350,000 in 2022 and 2021 (see **Note 17.1**).

	€ Thousand	
	2022	2021
Profit per share		
Consolidated profit for the year from continuing operations	1,131,699	722,643
Non controlling interests	(32,037)	(61,690)
Profit attributable to equity holders of the Parent	1,099,662	660,953
Average number of shares outstanding (thousands)	536,350	536,350
Profit per share:		
Basic	2.05	1.24
Diluted	2.05	1.24

28. 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.

CEPSA prepares its climate change information following the voluntary recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This information is published in the "3.1 Towards a Net Zero World" section of the Integrated Management Report 2022. The main aspects included in the report in response to the TCFD's recommendations are included below.

- Governance: To ensure proper monitoring and control of climate change risks and opportunities, specific responsibilities have been assigned to the highest governance bodies.

The Board of Directors is entrusted with the competencies related to the approval of the strategic objectives on climate change and the approval of matters delegated to the various advisory committees (Strategy and Sustainability; Appointments and Remuneration; and Audit, Compliance, Ethics and Risks). In 2022, CEPSA's Board of Directors approved the company's 2030 "Positive Motion" strategy, which includes decarbonization targets. It also approved the "Climate Action Policy" in 2021, which establishes the framework for articulating the company's ambition.

The Management Committee is responsible for decision making and resource allocation, monitoring the company's performance in relation to strategy. The Carbon Cycle Department, which is part of the Strategy and Sustainability Department, is responsible for driving the roadmap in this area. In addition, the Carbon Table is responsible for reviewing and accelerating all direct carbon emission reduction opportunities and aligning the activity with a significantly lower level of emissions.

- Strategy: CEPSA, through its "Positive Motion" strategy, which has been evaluated under the Assessing Low Carbon Transition (ACT) standard, applying the specific methodology of the Oil & Gas sector, is committed to being an active player and protagonist in the transition to a carbon neutral economy.

The company has the ambition to be Net Zero by 2050, aligning with the 1.5°C reference climate scenarios of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). To this end, CEPSA has the objective of reducing scope 1 and 2 carbon emissions at the operational level by 55% by 2030, and between 15% and 20% of the carbon intensity of the energy sold, including scope 1 and 2 emissions derived from this production, and scope 3 emissions derived from its use, with respect to 2019. In addition, climate change targets have been included in the variable remuneration of all CEPSA employees in 2022.

The company has defined three climate scenarios to assess the resilience of the Positive Motion strategy and climate ambition at three time horizons 2030, 2040 and 2050, and has determined the economic impacts of the relevant risks assessed under the three climate scenarios, showing the strategy to be resilient to the three climate scenarios assessed.

- CEPSA's Integrated Risk Control and Management System follows the COSO-ERM methodology and the ISO 31000 international standard of reference in Risk Management. The Climate Change Risk map, consolidated in 2021 and updated in 2022, incorporates the definition of climate risks under TCFD recommendations. The risks identified in the assets under operational control have been analyzed according to the three climate scenarios and time horizons mentioned above.

We have also identified the opportunities included in the "Positive Motion" strategy associated with climate change arising from the efficiency of production and distribution processes, the development and expansion of

low-emission products and services, as well as the emergence of new products, such as sustainable fuels, and energy transition products and services.

In addition, the company has additional mechanisms that allow it to monitor and establish objectives in the management of climate risks and opportunities.

- Metrics and targets: The metrics related to the objectives of the Positive Motion strategy are Scope 1 and 2 carbon emissions, in assets under operational control, and the "Carbon Intensity Index," which includes emissions in the value chain associated with the use of our energy products sold.
- Total emissions of scope 1 and 2 greenhouse gases stood at the amount of 5,491 thousand tCO₂eq in 2022. This value is 2% lower than the previous year's figure and is 15% higher than the baseline year 2019. In 2022, the Carbon Intensity Index is around 76 tons CO₂/TJ of energy sold. Although this year's value remains at the baseline level, the ratio's emissions have been reduced by nearly 10%.

In addition, financial parameters such as the EU Taxonomy and other internal criteria are being incorporated into systems and processes to evaluate how the business is evolving towards more sustainable models.

Information corresponding to changes in the environmental investments for 2022 and 2021 is as follows:

Environmental investments						€ Thousand
Year 2022	Balance at 01.01.2022	Additions (charges)	Disposals/ amounts used	Other movements	Balance at 12.31.2022	
Environmental assets	678,064	64,611	(596)	(6,163)	735,916	
Accumulated depreciation environmental assets	(468,618)	(27,294)	500	1,064	(494,348)	
Total	209,446	37,317	(96)	(5,099)	241,568	

Year 2021	Balance at 01.01.2021	Additions (charges)	Disposals/ amounts used	Other movements	Balance at 12.31.2021	
Environmental assets	648,400	34,129	(2,925)	(1,540)	678,064	
Accumulated depreciation environmental assets	(442,781)	(27,884)	2,426	(379)	(468,618)	
Total	205,619	6,245	(499)	(1,919)	209,446	

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 waste water 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 and our "Positive Motion" strategy mentioned above.

The most significant environmental assets are the sulfur 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 CO₂ NO_x emissions.

Environmental provisions				€ Thousand
	Notes	2022	2021	
Opening balance for the year		25,367	23,722	
Additions/ Charges		40,867	3,778	
Disposals/ Amounts used		(1,480)	(2,009)	
Other changes		(153)	(124)	
Closing balance for the year	Note 21	64,601	25,367	

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.

In 2022, the most notable were the additions recorded for the remediation of the soils of the Tenerife Refinery amounting 36,992 thousand euros, related to the start of the dismantling of the latter (See **Note 21**).

At December 31, 2022 and 2021, the CEPSA Group's environmental expenses amounted to 101,799 and 55,149 thousand euros, respectively.

29. Risk management policy

29.1. Main risks associated with the CEPSA Group's operations

In relation to the geopolitical situation between Russia and Ukraine that began in February 2022, it should be noted that CEPSA does not own or operate any assets, does not maintain relevant commercial relations with customers in Russia or Ukraine and is not exposed to the Russian ruble. In addition, the Company does not obtain crude oil from either of these two countries. As such, the impact on CEPSA's financial statements derives mainly from the increasing volatility of commodity prices, the evolution of global macroeconomic conditions and their effect on demand and economic growth.

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 profits 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.

29.2. Risk management model

The Board of Directors, through the Audit, Compliance, Ethics, and 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 usually defined as the risk of financial loss to which CEPSA is exposed when it grants commercial or financial credit to a third party and the third party defaults on its obligations, usually as a result of liquidity or solvency problems. The Group is exposed to credit risk in its business activities and in its financing activities, including deposits with banks and financial institutions, transactions in foreign currencies and the trading of financial instruments.

Commercial 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 counterparts. A significant part of these balances come from the logistics exchanges of petroleum products and trading operations, which are solidly guaranteed and represent very important 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 banking 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.

Based on the parameters related to customer solvency and payment habits included in the credit quality analysis system, the following classification of customer portfolio is possible:

- 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 2022 and 2021, is as follows:

					€ Thousand
Credit quality					
Year 2022	Notes	High quality	Medium quality	Low quality	Total
Trade and other receivables	Note 15	2,365,967	88,598	68,056	2,522,621
Trade and other receivables with related parties	Note 15	65,757	-	-	65,757
Public Administrations	Note 15	159,177	-	-	159,177
Other finance assets	Note 12	357,444	-	-	357,444
Cash and cash equivalents	Note 16	476,176	-	-	476,176
Total		3,424,521	88,598	68,056	3,581,175
Year 2021	Notes	High quality	Medium quality	Low quality	Total
Trade and other receivables	Note 15	2,165,176	59,911	68,758	2,293,845
Trade and other receivables with related parties	Note 15	42,458	-	-	42,458
Public Administrations	Note 15	70,737	-	-	70,737
Other Finance assets	Note 12	342,675	5,029	4,290	351,994
Cash and cash equivalents	Note 16	655,358	-	1,695	657,053
Total		3,276,404	64,940	74,743	3,416,087

Balances receivable are supervised based on their due dates, which helps mitigate exposure to unrecoverable trade receivables. The maturity schedule for unimpaired "Trade and Other Receivables" for 2022 and 2021 is as follows:

			€ Thousand
Non-impaired receivables			
	2022	2021	
Debt not past due	2,613,997	2,294,634	
Debts 0-30 days past due	121,360	64,493	
Debts 31-90 days past due	12,286	5,757	
Debts 91-180 days past due	19,930	1,707	
Debts more than 180 days past due	6,846	7,775	
Total trade and other receivables	2,774,419	2,374,366	

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 the credit risk arising from cash positions and financial derivatives, CEPSPA works only with highly solvent financial institutions of recorded national and international prestige. An analysis is made of counterparty risk in investments and financial instrument contracts.

B) LIQUIDITY RISK

Liquidity risk refers to CEPSPA'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 Group 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, CEPSPA 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 and expected future interest (including interest rate derivatives) in more than 4 years without having to obtain new financing in the market or refinance existing lines of credit.

The Group regularly assesses the concentration of risk with respect to refinancing its debt and has concluded that it is low.

The tables below present an analysis on the maturities of financial liabilities and expected future interest at December 31, 2022 and 2021:

Financial liabilities maturity								€ Thousand
Year 2022	0-3 months	3-12 months	2 years	3 years	4 years	5 years	>5 years	Total
Payables								
Account payables	3,604,563	591,350	-	-	-	-	-	4,195,913
Related parties	2,663	7,988	-	-	-	-	-	10,651
Total receivables	3,607,226	599,338	-	-	-	-	-	4,206,564
Borrowing								
Denominated in USD	12,028	80,474	70,219	67,378	369,929	149,847	42,641	792,516
Denominated in EUR	271,593	149,716	63,329	661,678	751,915	82,191	589,781	2,570,203
Other currencies	24,475	106,870	90,947	13,390	-	-	-	235,682
Total borrowings	308,096	337,060	224,495	742,446	1,121,844	232,038	632,422	3,598,401
Bank borrowings relating to finance leases								
Denominated in USD	5,433	16,299	21,066	15,839	13,512	13,483	6,344	91,976
Denominated in EUR	35,708	107,124	92,694	74,973	59,011	40,971	216,681	627,162
Other currencies	2,451	7,352	9,522	9,358	9,273	9,180	18,880	66,016
Total bank borrowings relating for finance leases	43,592	130,775	123,282	100,170	81,796	63,634	241,905	785,154
Financial derivatives liabilities	458,951	871,468	63,815	69,405	85,244	11,662	50,583	1,611,128
Other liabilities								
Prepayments and deposits	4,151	1,600	3,368	272	272	272	726	10,661
Other payables	-	-	17,263	382	532	332	1,804	20,313
Other liabilities	93,056	162,372	25,335	-	-	-	1	280,764
Total other liabilities	97,207	163,972	45,966	654	804	604	2,531	311,738
Total liquidity risk	4,515,072	2,102,613	457,558	912,675	1,289,688	307,938	927,441	10,512,985

Financial liabilities maturity								€ Thousand
Year 2021	0-3 months	3-12 months	2 years	3 years	4 years	5 years	>5 years	Total
Payables								
Account payables	2,775,448	298,493	-	-	-	-	-	3,073,941
Related parties	88,095	-	-	-	-	-	-	88,095
Total receivables	2,863,543	298,493	-	-	-	-	-	3,162,036
Borrowing								
Denominated in USD	3,158	31,233	37,953	41,697	41,307	320,554	174,278	650,180
Denominated in EUR	16,726	41,861	396,322	49,974	717,632	824,385	638,775	2,685,675
Other currencies	2,498	98,487	69,559	88,529	585	-	-	259,658
Total borrowings	22,382	171,581	503,834	180,200	759,524	1,144,939	813,053	3,595,513
Bank borrowings relating to finance leases								
Denominated in USD	5,522	16,565	21,725	21,545	17,176	14,773	22,803	120,109
Denominated in EUR	31,120	93,360	101,916	74,391	62,866	47,698	195,987	607,338
Other currencies	2,105	6,316	8,202	7,940	7,913	7,891	18,911	59,278
Total Bank Borrowings relating for finance leases	38,747	116,241	131,843	103,876	87,955	70,362	237,701	786,725
Financial derivatives liabilities	240,666	592,215	361,486	67,380	32,213	26,508	51,417	1,371,885
Other liabilities								
Prepayments and deposits	1,380	3,782	2,779	272	272	272	723	9,480
Other payables	-	-	54,957	319	318	412	1,611	57,617
Other liabilities	121,767	160,408	5,099	3,355	-	-	220	290,849
Total other liabilities	123,147	164,190	62,835	3,946	590	684	2,554	357,946
Total liquidity risk	3,288,485	1,342,720	1,059,998	355,402	880,282	1,242,493	1,104,725	9,274,105

C) MARKET RISK

The risk that the fair value of a financial instrument may fluctuate due to 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 profits. 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 favorable 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 (FV- CPG), available-for-sale financial assets, derivative financial instruments, short-term deposits, borrowings, and certain other financial instruments.

I. Foreign currency risk

This is the risk that the fair value of financial instruments will fluctuate due to changes in the exchange rates of the currencies in which the Company operates. The Company's exposure to foreign exchange risk relates primarily to import

and export activities (when revenues or expenses are denominated in a currency different from the Company's functional currency) and from the translation of foreign companies, both in consolidated income and in their net asset value.

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 exchange rate risk hedging policies in order to minimize its impact on both profits and equity.

At December 31, 2022 and 2021, debt with credit institutions in dollars, including euro (debt with credit institutions and bond issues) swapped into dollars through *cross currency swaps*, amounted to an equivalent value of 2,499 and 2,543 million euros, respectively (see **Note 18**), representing 78% and 74%, respectively, of total gross consolidated debt. 88% of the dollar-denominated debt is allocated to accounting hedges, mainly net investment hedges (2,447 million dollars) (see **Note 30**).

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:

	2022		2021	
	Impact on profit or loss after taxes	Impact on equity after taxes	Impact on profit or loss after taxes	Impact on equity after taxes
Effect of fluctuations in the euro against the dollar				
+ 0,05 USD/EUR	4,369	79,508	(237)	66,715
- 0,05 USD/EUR	(4,798)	(87,329)	259	(72,877)

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 profits, although they are not always accounted for as hedges for accounting purposes (see **Note 30**).

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:

	2022		2021	
	Impact on profit or loss after taxes	Impact on equity after taxes	Impact on profit or loss after taxes	Impact on equity after taxes
Effect of fluctuations in the crude oil				
+ 10 %	656	(69)	(404)	616
- 10 %	(656)	69	404	(616)

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 and EURIBOR. The Company's policy is to manage its debt portfolio with the objective of combining the lowest possible interest rates in each relevant currency, but at the same time securing a very significant portion of the debt at a fixed rate.

For the purposes of managing and mitigating this risk, CEPSA Group obtains financing at a fixed rate or arranges interest rate hedges via financial derivatives when appropriate (see **Note 30**).

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

Effect of fluctuations in the interest rate	2022		2021	
	Impact on profit or loss after taxes	Impact on equity after taxes	Impact on profit or loss after taxes	Impact on equity after taxes
+ 0.5 %	(4,809)	8,573	(8,062)	12,533
- 0.5 %	4,809	(8,676)	8,062	(12,698)

D) CAPITAL MANAGEMENT

Maintaining a sound equity structure is a priority objective of capital management for the CEPSA Group.

This objective is pursued by constantly monitoring the level of indebtedness required to cope with possible negative macroeconomic and/or sectoral developments and, above all, to ensure access to adequate financing to enable the Group to meet its investment plan.

The evolution of the level of indebtedness is measured through two main ratios: i) net indebtedness over total sources of financing (shareholders' equity plus net indebtedness) and ii) net indebtedness divided by consolidated EBITDA, as an indicator of the Group's cash generation, as follows:

€ Thousand

Ratio of Cepsa Group Debt to Equity (gearing)	Notes	2022		2021	
		2022	adjusted (*)	2021	adjusted (*)
Non-current finance liability		3,210,085	2,678,122	3,818,256	3,266,116
Current finance liability		716,413	553,659	284,555	149,497
Gross liability	Note 18	3,926,498	3,231,781	4,102,811	3,415,613
Less: Cash and cash equivalents	Note 16	(476,176)	(476,176)	(657,053)	(657,053)
Net debt		3,450,322	2,755,605	3,445,758	2,758,560
Equity		4,832,320	4,832,320	4,307,344	4,307,344
Net debt / (Equity + Net Debt)		41.66%	36.32%	44.44%	39.04%

(*) Adjusted not including debts from leases according to IFRS 16

€ Thousand

Net debt to EBITDA ratio	Notes	2022		2021	
		2022	adjusted (*)	2021	adjusted (*)
Net debt		3,450,322	2,755,605	3,445,758	2,758,560
EBITDA (adjusted CCS)	Note 6.1	2,939,455	2,939,455	1,815,123	1,815,123
IFRS 16 adjustments (reversal)		-	(158,668)	-	(134,080)
Leasing payments		-	(158,668)	-	(134,080)
Adjusted EBITDA (included IFRS 16)		2,939,455	2,780,787	1,815,123	1,681,043
Net debt / EBITDA		1.17	0.99	1.90	1.64

(*) Adjusted not including debts from leases according to IFRS 16

The Group periodically performs an analysis of these ratios with leverage projections, which is key data for investment and dividend decisions.

E) ENVIRONMENTAL RISKS

The Group has a "Health, Safety, Environment and Quality Policy" that seeks to ensure the protection of the environment during the development of its activities. It considers aspects such as the reduction of consumption and impacts on the atmosphere, climate, marine environment, soil, groundwater, noise levels and biodiversity. It also serves as a basis for the implementation of the Environmental Management System in the organization in accordance with the main applicable standards.

We have an Environmental Management System, audited and reviewed annually by an independent third party, covering all businesses. In addition, 84% of our facilities are ISO 14001 certified. This allows us to ensure compliance with applicable legislation and reduce the impact of our activities, facilities, products and services in a transparent manner, aligning ourselves with the expectations of our stakeholders. We have reinforced this system with ISO 50001 certification (for energy consumption management and energy efficiency) at our energy parks in Spain in Gibraltar San Roque, La Rábida, Tenerife, chemical plants in Palos and Puente Mayorga, and Deten in Brazil, and at our Research Center.

In addition, for our main facilities in Spain, we prepare and publish annual environmental declarations that are externally validated together with their environmental management systems under the requirements of the European Eco-Management and Audit Scheme (EMAS).

We have technical teams in each business unit that control and manage all environmental aspects related to it and ensure compliance with regulatory requirements and the maximum reduction of impacts. Likewise, at the corporate level, there

is another technical team specialized in each of the environmental vectors that provides support to the different business units.

We apply the precautionary principle established in the Rio Declaration on the Environment in our activities through the following actions:

- Risk identification, assessment and minimization.
- Audit programs.
- Environmental Impact Assessment (EIA).
- Due diligence in the processes of purchases and acquisitions of industrial plants.
- Safety datasheets for all our products.
- Impact management, such as in the marine environment, in which we work very actively establishing plans, protocols and drills focused on the prevention of marine pollution.

30. Financial derivatives and hedge operations

ACCOUNTING POLICIES

II. Initial recognition and subsequent measurement

The CEPSA Group uses hedging and derivatives financial instruments, including most notably futures and swaps contracts with crude oil, gas and product brokers, to hedge the price risks arising from the monthly purchases and sales of crude oil, gas 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 recorded 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 business 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.

As a part of the ordinary activity of the Trading business, 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 speculative 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

The Group uses commodity swaps to hedge exposure to changes in the fair value of recorded assets or liabilities or unrecorded firm commitments, such as gas supply contracts, attributable to a particular risk that may affect the consolidated income statement.

Changes in the value of the hedging instrument and the hedged item attributable to the hedged risk are recorded in the Income Statement, and the valuation is also recorded in the Consolidated Balance Sheet.

Cash flow hedges

The Group uses interest rate swaps to reduce its exposure to interest rate risk on certain floating rate loans. In addition, to reduce natural gas price risk, commodity swaps are used to hedge exposure to changes in the variable price of highly probable forecast natural gas purchase or sale transactions.

The effective portion of the gain or loss on the hedging instrument is recorded directly in OTHER COMPREHENSIVE INCOME, while the ineffective portion is recorded immediately in the Consolidated Income Statement, under FINANCIAL INCOME OR EXPENSE.

Amounts recorded 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 recorded 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 recorded in OTHER COMPREHENSIVE INCOME while any gains or losses relating to the ineffective portion are recorded 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 recorded 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 recorded less accumulated amortization, whichever is higher.

The breakdown of the notional amount and fair value of the derivatives contracted in the Group for financial years 2022 and 2021 is as follows:

€ Thousand

Trading derivatives

	Year 2022				Year 2021			
	Derivative assets (Note 12)		Derivative liabilities (Note 18)		Derivative assets (Note 12)		Derivative liabilities (Note 18)	
	Notional	Fair value	Notional	Fair value	Notional	Fair value	Notional	Fair value
Foreign exchange derivatives								
Forwards								
Buy USD / sell EUR	222,661	8,385	1,481,523	(61,773)	1,014,204	15,780	471,550	(908)
Buy EUR / sell USD	-	-	-	-	-	-	-	-
Buy USD / sell CNY	-	-	-	-	-	-	-	-
Buy EUR / sell GBP	7,255	209	-	-	-	-	5,262	(73)
Buy EUR / sell BRL	57,240	5,639	-	-	-	-	33,671	(691)
Buy USD / sell JYP	-	-	6,642	(59)	6,938	312	-	-
Collar buy USD / sell CNY	-	-	5,240	(1,533)	-	-	54,299	(264)
Total	287,156	14,233	1,493,405	(63,365)	1,021,142	16,092	564,782	(1,936)
Commodities price derivatives								
Swaps (oil and products)	7,794	4,238	65,296	(2,312)	21,001	903	-	-
Swaps (power)	50,924	47,342	39,844	(34,854)	119,050	64,062	117,485	(50,606)
Options (crude oil and products)	-	-	-	-	-	-	-	-
Swaps (natural gas)	-	-	297,028	(352,631)	-	-	80,428	(15,350)
Total	58,718	51,580	402,168	(389,797)	140,051	64,965	197,913	(65,956)
Total trading derivatives	345,874	65,813	1,895,573	(453,162)	1,161,193	81,057	762,695	(67,892)

Hedging derivatives	Year 2022				Year 2021			
	Derivative assets (Note 12)		Derivative liabilities (Note 18)		Derivative assets (Note 12)		Derivative liabilities (Note 18)	
	Notional	Fair value	Notional	Fair value	Notional	Fair value	Notional	Fair value
Cash flow hedges								
Interest rate derivatives								
Interest rate swaps	844,436	41,203	534,404	(1,918)	407,911	4,685	1,008,346	(19,480)
Cross currency swaps (interest tranche) (*)	175,000	10,926	175,000	8,058	250,000	1,764	-	-
Derivatives on commodities prices								
Swaps (hedge of refining margin)	-	-	410,120	(34,202)	56,020	2,296	-	-
Swaps (natural gas)	-	-	5,833	(2,705)	-	-	91,587	(35,195)
Total	1,019,436	52,129	1,125,357	(30,767)	713,931	8,745	1,099,933	(54,675)
Net investment hedge								
Foreign currency derivatives								
Cross currency swaps	468,779	23,274	2,374,234	(205,442)	169,283	3,281	2,066,597	(63,917)
Forwards buy EUR / sell USD	-	-	105,364	(2,983)	97,087	282	-	-
Total	468,779	23,274	2,479,598	(208,425)	266,370	3,563	2,066,597	(63,917)
Cost of hedging								
Derivatives on commodities prices								
Swaps (Brent)	72,576	29,722	-	-	1,604,458	58,048	-	-
Swaps (natural gas)	-	-	1,987,237	(854,349)	22,656	4,404	1,614,568	(1,006,282)
Total	72,576	29,722	1,987,237	(854,349)	1,627,114	62,452	1,614,568	(1,006,282)
Total hedging derivatives	1,560,791	105,125	5,592,192	(1,093,541)	2,607,415	74,760	4,781,098	(1,124,874)

(*) Concerning hedge accounting, several synthetic 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).

30.1. Foreign currency risk

The types of derivatives commonly used to mitigate exchange rate risk are *forward* contracts and *currency swaps*, in accordance with the established risk management policy (see **Note 29**).

Also, in accordance with its foreign currency risk management policy (see **Note 29**), the CEPSA Group has arranged financial debt in USD to finance certain investments in USD.

In this regard, at December 31, 2022 and 2021, CEPSA Group has assigned financing for a nominal amount of 213 and 235 million dollars, respectively, as a hedging instrument for the net investment of the following companies: "Cepsa Colombia, S.A.", "Cepsa International, B.V.", "Cepsa (Rhoude 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, S.L.U." and "Cepsa E.P. Abu Dhabi, S.L.U." all with functional currency USD. Likewise, exchange rate derivatives for a nominal amount of 2,420 million dollars remain assigned to hedges of net investment at the end of 2022 and 2,147 million dollars at the end of 2021.

There are *Cross Currency Swaps* in respect of credits and loans amounting to 1,869 million euros, which convert this indebtedness into dollars.

No inefficiency in the aforementioned hedges was recorded.

The table below shows the balances and changes 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 2022 and 2021 financial years.

Valuation adjustments in hedges - Movements	Notes	€ Thousand	
		2022	2021
Opening balance		(481,271)	(375,050)
Gains or losses recognised directly in equity		(107,739)	(138,291)
Reclassification during the year to profit or loss		16,281	32,070
Closing balance	Note 17.4	(572,729)	(481,271)

30.2. 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 profits, though not in all cases recorded as accounting hedges.

At the end of 2022, the Group has a fair value hedge on firm commitments related to natural gas purchases. In these signed commitments, the price is not fixed on the basis of the reference that governs the gas commercialization market in Spain, for which reason swaps have been contracted to transform these reference indexes.

The Group also maintains cash flow hedges associated with purchases and sales of natural gas at variable prices.

30.3. Interest rate price risk

The Company's policy in relation to its exposure to interest rate risk is to manage its interest expense by using both fixed and floating rate debt, *interest rate swaps*, in which the Company agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts and *cross currency swaps* (CCS), in which it exchanges a flow of principal and interest in US dollars for another flow of principal and interest in euros at a pre-fixed exchange rate at maturity.

Interest rate swaps are currently a part of cash flow hedges to cover variable rate embedded debt obligations. The nominal amount of the debts covered by these swaps is 844 and 1,277 million euros in 2022 and 2021, respectively.

The following table, for financial years 2022 and 2021, summarizes the maturity of the Group's derivatives based on discounted contractual payments:

					€ Thousand
Derivatives - Maturities					
Year 2022	0-3 months	3-12 months	1-3 years	> 3 years	Total
Derivatives assets					
Cash flow hedging derivatives	-	1,342	32,350	18,437	52,129
Fair value hedging derivatives	10,783	18,939	-	-	29,722
Net investment hedging derivatives	-	-	23,274	-	23,274
Derivatives not designated hedge accounting	18,472	-	-	47,342	65,814
Total	29,255	20,281	55,624	65,779	170,939
Derivatives liabilities					
Cash flow hedging derivatives	(11,474)	(25,433)	6,605	(465)	(30,767)
Fair value hedging derivatives	(223,150)	(631,199)	-	-	(854,349)
Net investment hedging derivatives	(2,983)	-	(84,474)	(120,968)	(208,425)
Derivatives not designated hedge accounting	(219,148)	(199,163)	-	(34,851)	(453,162)
Total	(456,755)	(855,795)	(77,869)	(156,284)	(1,546,703)
Year 2021					
	0-3 months	3-12 months	1-3 years	> 3 years	Total
Derivatives assets					
Cash flow hedging derivatives	442	1,854	5,492	957	8,745
Fair value hedging derivatives	10,616	32,194	19,641	-	62,451
Net investment hedging derivatives	-	282	3,281	-	3,563
Derivatives not designated hedge accounting	16,105	44,814	-	20,139	81,058
Total	27,163	79,144	28,414	21,096	155,817
Derivatives liabilities					
Cash flow hedging derivatives	-	(35,195)	(11,985)	(7,497)	(54,677)
Fair value hedging derivatives	(193,339)	(501,834)	(311,110)	-	(1,006,283)
Net investment hedging derivatives	-	-	(15,383)	(48,534)	(63,917)
Derivatives not designated hedge accounting	(34,362)	(14,737)	-	(18,790)	(67,889)
Total	(227,701)	(551,766)	(338,478)	(74,821)	(1,192,766)

31. 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:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 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. At the end of 2022 and 2021 there are no fixed rate loans.

The fair value of the fixed-rate bonds outstanding at December 31, 2022 was 1,249 million euros, while their carrying value was 1,400 million euros (see **Note 18**).

At December 31, 2022, the company's own credit risk is considered insignificant.

Fair value of financial instruments

€ Thousand

	2022				2021			
	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	46,285	-	46,285	-	6,449	-	6,449	-
Exchange rate derivatives	43,304	-	43,304	-	19,654	-	19,654	-
Commodities derivatives	81,350	-	81,350	-	129,714	-	129,714	-
Total	170,939	-	170,939	-	155,817	-	155,817	-
Derivative Liabilities								
Interest rates derivatives	(11,987)	-	(11,987)	-	19,480	-	19,480	-
Exchange rate derivatives	277,635	-	277,635	-	65,853	-	65,853	-
Commodities derivatives	1,281,055	-	1,281,055	-	1,107,433	-	1,107,433	-
Total	1,546,703	-	1,546,703	-	1,192,766	-	1,192,766	-
Fair value through other comprehensive income measurement category								
Sub-portfolio of trade receivables subject to securitization	302,858	-	302,858	-	390,247	-	390,247	-
Total	302,858	-	302,858	-	390,247	-	390,247	-
Assets and liabilities for which fair values are disclosed								
Corporate bonds	1,249,116	1,249,116	-	-	1,527,325	1,527,325	-	-
Total	1,249,116	1,249,116	-	-	1,527,325	1,527,325	-	-

The Group has derivative financial instruments with various counterparties, mainly financial institutions with investment grade credit ratings.

32. 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 shareholders, 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.

32.1. Transactions with associates, joint ventures and other related parties

Transactions between the Group and its associates and joint ventures for the years 2022 and 2021 are broken down below:

Transactions with associates and joint ventures and other related parties

€ Thousand

Year 2022	Notes	Associates	Joint Ventures	Others	Total
In the Consolidated Balance Sheet					
Trade and other receivables	Note 15	29,482	14,368	21,907	65,757
Current and non-current loans	Note 12	20	-	8,017	8,037
Trade and other payables		4,468	1,980	9,977	16,425
Total		33,970	16,348	39,901	90,219
Consolidated Income Statement					
Revenue		192,428	90,473	242,032	524,933
Procurements		10,705	30,391	508,968	550,064
Other operating costs		5,680	2,410	12,241	20,331
Finance income		60	1,551	544	2,155
Finance costs		60	-	-	60
Total		208,933	124,825	763,785	1,097,543
Year 2021					
	Notes	Associates	Joint Ventures	Others	Total
In the Consolidated Balance Sheet					
Trade and other receivables	Note 15	30,843	1,029	10,586	42,458
Current and non-current loans	Note 12	6,833	28,633	9,797	45,263
Trade and other payables		7,234	1,483	79,532	88,249
Total		44,910	31,145	99,915	175,970
Consolidated Income Statement					
Revenue		187,677	24,814	141,020	353,511
Other operating income		21	-	-	21
Procurements		13,125	18,631	953,190	984,946
Other operating costs		10,954	1,663	14,803	27,420
Finance income		72	748	20	840
Finance costs		4	-	-	4
Total		211,853	45,856	1,109,033	1,366,742

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.

32.2. Transactions with shareholders

The relevant transactions carried out by the CEPSA Group with its shareholders and the companies controlled by them in 2022 and 2021 were as follows:

€ Thousand

Name of significant shareholder	CEPSA Group Company	Type of transaction	Type of relationship	2022	2021
Cepsa Holding LLC	CEPSA	Corporate	Dividends and other distributed profit	357,860	320,945
Matador Bidco S.Á.R.L.	CEPSA	Corporate	Dividends and other distributed profit	224,026	200,916
Other minority shareholders	CEPSA	Corporate	Dividends and other distributed profit	1,037	690
Mubadala Investment Company PJSC	CEPSA	Commercial	Procurements, services and other expenses	-	49

33. Remuneration and other benefits for the Board of Directors and Senior Management

In 2022 the remuneration of the members of the Board of Directors accrued in the Consolidated Group was 2,419 thousand euros for fixed and variable remuneration (1,395 thousand euros in 2021), 2,775 thousand euros for bylaw-stipulated benefits (2,847 thousand euros in 2021) and 3,393 thousand euros (3,445 thousand euros in 2021) for other items.

CEPSA Group's directors and officers liability insurance policy was renewed for 12 months on December 14, 2022, with a total annual net premium of 147 thousand euros 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 totaled 2,550 thousand euros in 2022.

In accordance with the provisions of the current text of article 229 of the Spanish Companies Act, the Company's directors have disclosed the following conflicts of interest:

In connection with the circular resolutions adopted by the Board of Directors on January 1, 2022, the Chief Executive Officer, Mr. Maarten Wetselaar, abstained from voting on the resolutions ratifying his appointment as Chief Executive Officer and the Services Agreement and other related Management Incentive Plan documents between the Company and the Chief Executive Officer, due to his personal involvement in both matters, all of which was duly reflected in the corresponding texts of the resolutions.

At the Board of Directors meeting held on February 3, 2022, the Chief Executive Officer, Mr. Maarten Wetselaar, recused himself and abstained from deliberating and voting on the resolutions adopted with regard to the execution of the co-investments of participants in the Management Incentive Plan of the Company, due to his being a participant therein, and to the amendment of the Services Agreement between the Company and the Chief Executive Officer, given that he is a party to this agreement, both circumstances of which were included in the corresponding meeting Minutes.

At the Board of Directors meeting held on March 15, 2022, and in connection with a tax litigation issue submitted to the Board for approval, the three Proprietary Directors on behalf of the direct shareholder Matador Bidco S.À.R.L., 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 core shareholders of the Company. Accordingly, they recused themselves and abstained from deliberating and voting on the resolution adopted with regard to such tax litigation issue, as duly reflected in the corresponding meeting Minutes.

At the Board of Directors meeting held on April 25, 2022, the Chief Executive Officer, Mr. Maarten Wetselaar, recused himself and abstained from deliberating and voting on the resolution adopted regarding the approval of the final 2022 scorecard, due to a conflict of interest inasmuch as it concerned his own scorecard, which was recorded in the corresponding meeting Minutes.

At the Board of Directors meeting held on November 8, 2022, the Director, Mr. Jacob Schram, recused himself and abstained from deliberating and voting on the resolution adopted to approve, as a transaction, the consulting services agreement between CEPSA and Schanjem AS, an entity affiliated with and controlled by Mr. Schram, all of which was duly reflected in the Minutes of the meeting.

On March 16, 2022, and on the occasion of his resignation as a Director, Mr. Musabbeh Helal Musabbeh Ali Alkaabi declared that neither he, nor any of his related parties, were involved in any direct or indirect conflicts with the interests of the Company up until said date, with the exception of those already declared previously in connection with positions or directorships held in companies engaged in the energy sector: (i) Chairman of Mubadala Energy; (ii) Vice Chairman of Masdar; and (iii) Director of Dolphin Energy 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 disclosure letters dated February 17, 2023 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 companies in the energy sector, as follows:

Mr. Ahmed Yahia

Mr. Yahia currently serves as Chief Executive Officer of Direct Investments at Mubadala Investment Company PJSC and is also Chairman of NOVA Chemicals, both companies active in the energy space.

Mr. Martialis Quirinus Henricus van Poecke

Mr. van Poecke currently serves as Chairman of 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) Assala Energy UK Limited; (ii) BSOG Holding Activity SRL; (iii) Discover Exploration Ltd.; (iv) Neptune Energy Group Ltd.; (v) Varo Energy B.V.; and (vi) Flamingo (Jersey) Limited. He is also a major shareholder and Chairman of the Supervisory Board of ONE-Dyas B.V.

Mr. Maarten Wetselaar

Mr. Wetselaar confirmed that for the year ended December 31, 2022 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, with the exception of those already declared and included in the corresponding minutes of the meetings and resolutions of the Board of Directors, as stated above.

Mr. James Robert Maguire

Mr. Maguire is currently Managing Director and Head of Carlyle International Energy Partners (CIEP), an investment fund affiliated with The Carlyle Group and active in the energy 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) CIEP Epoch NewCo 1 Ltd. (iv) Mazarine Energy B.V.; (v) Neptune Energy Group Limited; and (vi) Flamingo (Jersey) Limited.

Ms. Alyazia Ali Saleh Ahmed Alkuwaiti

Ms. Alkuwaiti is currently Executive Director of Energy at Mubadala Investment Company PJSC, a company active in the energy space, and also holds the following offices in entities which operate in the same oil & gas space as CEPSA: (i) Director of the Supervisory Board of OMV Aktiengesellschaft; and (ii) Director of Mubadala Energy.

Mr. Marwan Naim Salem Nijmeh

Mr. Nijmeh is currently Deputy Chief Legal Officer at Mubadala Investment Company PJSC, and a Director of Mubadala Energy, both companies active in the energy space.

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 OMV Aktiengesellschaft and NOVA Chemicals, both companies active in the energy space.

Mr. Ángel Corcóstegui Guraya

Mr. Corcóstegui confirmed that for the year ended December 31, 2022 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.

Mr. Jacob Schram

Mr. Schram confirmed that for the year ended December 31, 2022 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, with the exception of the one declared at the Board of Directors meeting held on November 8, 2022, as stated above.

Mr. Gregory Mark Nikodem

Mr. Nikodem is currently Managing Director overseeing energy investments at The Carlyle Group and serves as a Director of Nouryon, a company engaged in the chemicals sector.

At the date the Annual Financial Statements were formulated, no other direct or indirect conflict of interest has been reported.

During 2022 and 2021, the average number of members of the Board of Directors has risen to 10 directors, while the average number of people included as Senior Management (corresponding to the members of the Management Committee, regardless of the type of employment relationship they hold) amounts to 11 and 9 people, respectively. As of December 31, 2022, the Board of Directors consisted of 10 directors (9 men and 1 woman), plus the non-director Secretary and Vice-Secretary, while Senior Management consisted of 11 persons.

Remuneration to members of Senior Management who are not executive directors of the Group amounted to 10,956 thousand euros (5,875 thousand euros in 2021) in respect of fixed and variable remuneration and 3,741 thousand euros (1,759 thousand euros in 2021) for other items. Senior Managements 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 increase in compensation in 2022 is mainly due to the higher number of people who, on average, formed part of this group (due to changes in its composition), as well as the increase in variable compensation, linked to the Group's results (which in 2021 were still impacted by COVID-19).

34. Guarantee commitments and other contingent liabilities

At December 31, 2022 and 2021, certain Group companies had provided guarantees, mainly for bank transactions and supply contracts, the breakdown is as follows:

	€ Thousand	
	2022	2021
Guarantees to third parties		
Public entities	545,995	665,826
Suppliers / creditors and others	5,185,402	4,562,754
Total	5,731,397	5,228,580

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 credits to trade payables, which in 2022 and 2021 amounted to 2,765,114 and 2,680,526 thousand euros, respectively. These amounts were recorded, by maturity, under BANK BORROWINGS and TRADE AND OTHER PAYABLES on the liability side of the Consolidated Balance Sheet.

At December 31, 2022, 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 2019. In the same line of business, the Group maintains commitments to purchase natural gas through "Cepsa Gas Comercializadora, S.A."

At year-end 2022 and 2021, long-term firm commitments are as follows:

							€ Thousand
Long term commitments in procurements							
Year 2022	2023	2024	2025	2026	2027	Others	Total
Natural Gas and Liquefied Natural Gas	486,299	468,627	468,627	468,627	468,627	1,523,038	3,883,845
Gas transport fees	50,205	51,209	52,233	53,278	53,279	184,434	444,638
Total	536,504	519,836	520,860	521,905	521,906	1,707,472	4,328,483
Year 2021	2022	2023	2024	2025	2026	Others	Total
Natural Gas and Liquefied Natural Gas	519,969	414,784	414,784	414,784	414,784	2,177,615	4,356,720
Gas transport fees	48,256	49,221	50,205	51,209	52,233	237,713	488,837
Total	568,225	464,005	464,989	465,993	467,017	2,415,328	4,845,557

These commitments were quantified using estimates based on Brent Crude forward curves valid at year-end 2022 and 2021, respectively, which is the main benchmark price of these contracts. Regarding to the gas purchase commitment, it should be noted that the contract provides for the possibility of revising the applicable price, pending the completion of the last triennium.

35. Events after the reporting period

Pursuant to the application of the temporary energy tax (see **Note 3**), the CEPSA Group must pay this tax during the first twenty days of September 2023 in accordance with its 2022 revenue, making an advance payment of 50% during the first twenty days of February. The total amount payable on the 2022 tax is approximately 324 million euros.

On January 5, 2023, the Company signed an agreement to sell its 20% interest in the Satah Al Razboot (SARB), Umm Lulu, Bin Nasher and Al Bateel concession. It is expected to be in a position to close the transaction within the following weeks upon obtaining all necessary approvals and fulfilment of remaining conditions precedent included in the agreement. Thereafter, all rights and obligations related to the concession will be owned by the purchaser.

Subject to completion of the abovementioned SARB and Umm Lulu transaction, CEPSA will be in a position to sign an agreement for the sale of an indirect 12.88% interest in the Mubarratz concession, through the sale of shares representing 20% of the share capital of Cosmo Abu Dhabi Energy Exploration & Production Co. Ltd. This transaction will be subject to the relevant administrative approvals and fulfilment of other customary conditions precedent.

On February 1, 2023, the Shareholders' Meeting accepted the resignation tendered by Mr. Joost Dröge from the Board of Directors. On that same date, the Shareholders appointed Mr. Gregory Nikodem as a director, for a six-year term, in accordance with the Company's Articles of Association.

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 €

SUBSIDIARIES				Ownership		Equity			Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
Name	Parent Company	Registered Office	Line of Business	2022	2021	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit			
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	2,403	3,178	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	86	100	G	Yes
CEPSA INTERNATIONAL B.V.	Compañía Española de Petróleos, S.A.	Beurs - World Trade Centre - Office 668 Beursplein 37. 3011 AA Róterdam. The Netherlands	Oil and gas trading	100%	100%	3,138	3,138	118,027	154,656	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	130	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	2,051	61	G	Yes
TEIDE RE, S.A.	Cepsa International, B.V.	74, Rue de Merl. L - 2146 Luxemburgo. Luxemburgo	Reinsurance Operations	100%	100%	2,725	2,725	45,149	2,725	G	No
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	(14,025)	(24,554)	G	Yes
CEPSA (RHOULDE EL ROUND), S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	100,791	100,791	162,472	167,624	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	480,522	299,333	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	(23,478)	69,862	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%	10,670	10,670	(9,784)	862	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	249	2,362	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	1,395,577	1,591,936	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	2,212	2,312	G	No
CEPSA EXPLORACION Y PRODUCCION, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	-	3	3	2,907	2,910	G	Yes
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	77,428	98,237	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	(16,658)	64,290	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	17,404	46,543	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	(281,278)	53,016	G	Yes
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%	832	832	2,205	2,382	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%	-	-	(57,648)	102	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	(30,249)	(5,304)	G	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

SUBSIDIARIES											
Name	Parent Company	Registered Office	Line of Business	Ownership		Equity			Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
				2022	2021	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit			
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	81,380	24,941	G	No
CEPSA GAS Y ELECTRICIDAD, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Electricity distribution	100%	100%	12,330	12,330	(7,657)	113,952	G	Yes
CHANTEIRO RENOVABLES, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	504	997	G	Yes
GENERACION CARTEIA,S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Cogeneration	100%	-	3	3	29,142	5,737	G	Yes
GENERACIÓN ELÉCTRICA PENINSULAR, S.A.	Cepsa Gas y Electricidad, S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	70%	70%	32,000	32,000	118,940	22,400	G	No
MITRA ALFA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	6,988	7,522	G	Yes
MITRA BETA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	9,791	10,322	G	Yes
MITRA DELTA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	7,061	7,597	G	Yes
MITRA EPSILON, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	6,388	6,897	G	Yes
MITRA GAMMA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	9,722	10,247	G	Yes
MITRA IOTA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	500	997	G	Yes
MITRA LAMBDA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	502	997	G	Yes
MITRA MEDULAS, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	497	997	G	Yes
MITRA NU, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	6,507	6,997	G	Yes
MITRA OMEGA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	-	500	500	496	997	G	Yes
MITRA OMICRON, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	502	997	G	Yes
MITRA PI, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	499	997	G	Yes
MITRA RO, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	-	500	500	497	997	G	Yes
MITRA SIGMA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	501	997	G	Yes
MITRA TAU, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	-	500	500	497	997	G	Yes
REDES RENOVABLES, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	503	997	G	Yes
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Electricity sales	100%	100%	100	100	3,006	5,408	G	Yes
SESELLE RENOVABLES, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Renewables power generation	100%	100%	500	500	504	997	G	Yes
SURESA RETAMA, S.L.U.	Cepsa Gas y Electricidad, S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Wind Cogeneration	100%	100%	605	605	13,022	17,082	G	Yes

(*) 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			Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
				2022	2021	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit			
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	(97,283)	117,423	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%	75%	26,176	26,176	(9,888)	14,938	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	95,447	7,717	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	15,853	9,737	G	No
CEPSA QUÍMICA CHINA, S.A.	Cepsa Química, S.A.	Plaza Pablo Ruiz Picasso, nº 1 planta 30 (Torre Picasso). 28020 Madrid. España	Shareholder	75%	75%	12,830	12,830	105,150	88,067	G	Yes
CEPSA QUÍMICA, S.A.	Compañía Española de Petróleos, S.A.	Plaza Pablo Ruiz Picasso, nº 1 planta 30 (Torre Picasso). 28020 Madrid. España	Production and sale of petrochemicals	100%	100%	60	60	653,670	557,052	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	30,375	10,532	G	No
DETEN QUÍMICA, S.A.	Petresa Participações, LTDA	Rua Hidrogenio 1744 Complejo Industrial. 42810-010 Camaçari Bahia . Brasil. Brasil	Production and sale of petrochemicals	70%	71%	61,333	61,333	121,832	231,711	G	No
DETEN QUÍMICA, S.A.	Cepsa Química, S.A.	Rua Hidrogenio 1744 Complejo Industrial. 42810-010 Camaçari Bahia . Brasil. Brasil	Production and sale of petrochemicals	28%	-	61,333	61,333	121,832	231,711	G	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

SUBSIDIARIES											
Name	Parent Company	Registered Office	Line of Business	Ownership		Equity			Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
				2022	2021	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit			
ATLAS, S.A. COMBUSTIBLES Y LUBRIFICANTES	Compañía Española de Petróleos, S.A.	C/ Playa Benítez, s/n. 51004 Ceuta. España	Oil and gas trading	100%	100%	3,930	3,930	913	4,077	G	Yes
C.M.D. AEROPUERTOS CANARIOS, S.L.	Compañía Española de Petróleos, S.A.	Polígono Industrial Valle de Guimar. Manzana XIV, parcelas 17 y 18. 38509 Güimar - Santa Cruz de Tenerife. España	Jet fuel distribution	60%	60%	21,576	21,576	12,551	12,946	G	No
CCP Hydrocarbures, S.A.R.L.	Cepsa Comercial Petróleo, S.A.U.	46, Boulevard Zerl Touné 3 Etage. Appto 6. Casablanca (Maroc)	Shareholder	100%	100%	41,618	41,618	6,156	41,618	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	15,997	48,059	G	Yes
CEPSA AVIACIÓN, S.A.	Compañía Española de Petróleos, S.A.	ES. Comb. Aviac. Camino de San Lázaro, s/n Zona ind. Aeropuerto Tenerife Norte Los Rodeos. 38206 San Cristóbal de la Laguna - Santa Cruz de Tenerife	Oil and gas transport	100%	100%	954	954	19,540	18,956	G	Yes
CEPSA BIOENERGÍA 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	1,899	4,902	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	1,177	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	555,080	537,784	G	Yes
CEPSA MARINE FUELS, DMCC	Compañía Española de Petróleos, S.A.	Office 3201 / 32nd floor Platinum Tower. Jumeirah Lake Tower. - Dubai. EAU	Commercialization of oil products (outside EAU)	100%	100%	406	406	874	-	G	No
CEPSA PETRONUBA, S.A.U.	Compañía Española de Petróleos, S.A.	Refinería "La Rábida" Polígono Nuevo Puerto.. 21810 Palos de la Frontera. HUELVA. España	Bunkering services	100%	100%	60	60	1,077	60	G	Yes
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	48,402	65,592	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%	100%	8	8	(324)	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	3,089	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	13,745	9,983	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 México	Petrol station administration	100%	100%	7,734	3,419	(2,163)	7,734	G	No
Gasib - Sociedade Ibérica de Gás Liquefeito, Lda	Compañía Española de Petróleos, S.A.	Avda. Columbano Bordalo Pinheiro, Nº 108. 3ª andar B. 1070-067 Lisboa. Portugal	Wholesale of liquefied gases	100%	100%	6	6	3,115	371	G	No
GASIB Sociedad Ibérica de Gas Licuado, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Wholesale of liquefied gases	100%	100%	6	6	191,786	156,604	G	Yes
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	37,430	40,873	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	(24)	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	(24)	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	35,126	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	1,432	2,905	G	Yes

(*) G = Fully Consolidation ; E = Equity method Consolidation

(**) Book value in individual accounts

Thousands €

JOINTLY CONTROLLED ENTITIES

Name	Parent Company	Registered Office	Line of Business	Ownership		Equity				Consolidation Method (*)	Fiscal Group
				2022	2021	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit	Net Cost of Investment (**)		
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	29,044	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%	26,597	26,597	(316)	13,299	E	No
BITULIFE, S.A.	Cepsa Comercial Petróleo, S.A.U.	105, Rue Amir Abdelkader Casablanca Morocco	Petrol station administration	40%	40%	1,603	1,603	6,663	7,744	E	No
Société 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%	40%	1,171	1,171	20,643	28,499	E	No
TERMINAL PUERTO TARTESSOS, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 124 2º Izda. 28046 Madrid. España	Services Provides of qualified technical assistance	50%	50%	100	100	9,900	5,000	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	16,839	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	18,478	168,345	E	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

Thousands €

ASSOCIATES

Name	Parent Company	Registered Office	Line of Business	Ownership		Equity				Consolidation Method (*)	Fiscal Group
				2022	2021	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit	Net Cost of Investment (**)		
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%	92,456	92,456	346,007	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	38,946	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	20,207	25	E	No
CS CHEM LIMITED	Cepsa Química, S.A.	Audrey House 16-20 Ely Place. EC1N 6SN London. United Kingdom	Shareholder	30%	30%	1	1	92,278	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%	125	125	92,537	84,891	E	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

Table II

Main assets and operations under joint control in the consolidated CEPSA Group at December 31, 2022:

				% Ownership		Revenue		Profit before tax		Net profit		Total Assets		Total Liabilities	
List of all joint operations				2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Country	Operator	Nature of activities													
RKF	Argeria	Groupement RKF (Sonatrach / Cepsa Algerie, S.L.)	Exploration & Production	49.00%	49.00%	148,714	99,461	99,109	66,050	35,291	1,101	207,841	213,109	88,405	138,475
Ourhoud	Argeria	Sonatrach - Organisation Ourhoud	Exploration & Production	37.13%	37.13%	273,497	213,025	197,201	149,691	107,104	76,495	79,620	94,716	41,580	34,759
Timimoun	Argeria	Groupement Timimoun (Sonatrach / TEPA/ Cepsa Algerie, S.L.)	Exploration & Production	11.25%	11.25%	38,790	20,063	29,635	30,807	15,564	28,871	57,460	54,049	5,339	6,158
BMS	Argeria	OC BMS (Sonatrach / Cepsa (Rhourde El Rouni))	Exploration & Production	75.00%	75.00%	118,355	67,664	78,956	2,152	78,956	2,152	317,712	226,958	317,712	226,958
Tiple	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	70.00%	70.00%	0	0	-2,782	-2,832	0	0	-56	-53	13	929
Garibay	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	50.00%	50.00%	0	0	-351	-698	0	0	921	879	367	1,281
Jilguero	Colombia	Cepsa Colombia, S.A.	Exploration & Production	57.86%	57.86%	0	0	869	-974	0	0	-718	-707	172	2,200
Puntero (Manatus)	Colombia	Cepsa Colombia, S.A.	Exploration & Production	70.00%	70.00%	0	0	915	-1,619	0	0	-4	-4	260	4,282
Merecure	Colombia	Cepsa Colombia, S.A.	Exploration	35.00%	35.00%	0	0	-412	-279	0	0	0	314	1,023	816
El Portón	Colombia	Cepsa Colombia, S.A.	Exploration & Production	50.00%	50.00%	0	0	-6	8	0	0	0	0	18	65
Llanos 22	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	55.00%	55.00%	6,610	7,270	-6,570	4,284	6,610	7,270	-3	-2	2,520	2,135
Balay	Colombia	PETROBRAS	Exploration & Production	30.00%	30.00%	0	0	-2,469	551	0	0	178	168	0	0
Cpo 12	Colombia	Meta Petroleum	Exploration	42.80%	42.80%	0	0	0	0	0	0	0	0	0	0
Río Paez (La Cañada Norte)	Colombia	HOCOL	Exploration & Production	16.67%	16.67%	4,890	3,297	2,975	4,123	4,890	3,297	1,036	1,718	690	631
San Jacinto	Colombia	HOCOL	Exploration & Production	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%	157,986	110,687	116,486	87,343	157,986	110,687	71,222	85,024	16,205	18,083
Rodaballo	Spain	Repsol	Exploration & Production	15.00%	15.00%	0	0	0	0	0	0	0	0	1,187	737
Casablanca	Spain	Repsol	Exploration & Production	7.40%	7.40%	0	145	0	0	0	0	0	0	17,719	14,606
Montanazo	Spain	Repsol	Exploration & Production	7.25%	7.25%	0	0	0	0	0	0	0	0	832	574
Barracuda	Spain	Repsol	Exploration & Production	9.39%	9.39%	0	0	0	0	0	0	0	0	0	0
Boquerón	Spain	Repsol	Exploration	4.50%	4.50%	0	61	0	0	0	0	0	0	153	103

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2022

INTEGRATED
MANAGEMENT
REPORT



Committed to
**positive
progress**



2022

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Letter from the Chairman



On behalf of Cepsa's Board of Directors, I would like to thank our entire workforce for their commitment, resilience and outstanding operational performance delivering to our customers and partners in a year that was marked by geopolitical tensions, market volatility and significant disruptions to global supply chains.

I would additionally like to thank Cepsa's Board and our CEO Maarten Wetselaar, who took the helm in 2022, for their strong commitment to Cepsa's energy transition journey.

The impact of global warming can only be mitigated through the collective and collaborative efforts of civil society, governments and businesses alike to pursue sustainability and deliver quantifiable decarbonization targets.

Cepsa's 'Positive Motion' strategy is our response to the scientific community's call for urgent action to deliver carbon neutrality by 2050.

We are fully committed to playing our part in the development of an efficient global energy system that both guarantees continuity of supply and increases the share of renewable sources in the global energy mix.

We intend to:

- Generate more than half of Cepsa's EBITDA from sustainable businesses by 2030
- Reduce our Scope 1 and 2 emissions by 55% and Scope 3 by 15-20% by 2030, among the most ambitious targets in the sector
- Reach net zero by 2050 and go beyond it to become net positive

The reconfiguration of our businesses is based on three pillars.

The first is our decisive commitment to the development of green hydrogen as a fundamental energy source and the best low-carbon alternative for such hard-to-abate sectors as industry and heavy transportation. Cepsa intends to lead

the development of the green hydrogen industry in Spain and Portugal, with a production capacity equivalent to 2 GW and biofuels production of 2.5 million tons by 2030.

The second pillar is to spearhead the production and adoption of advanced second generation biofuels in our markets in order to accelerate the decarbonization of transport. To this end, Cepsa is targeting annual production of 800,000 tons of sustainable aviation fuel by 2030.

Our third pillar is based on the transformation of our refineries into diversified Energy Parks. These parks will focus on the development of green products that enable the decarbonization of our productive processes and, in turn, help other sectors with their decarbonization efforts.

The final pillar is our commitment to leading sustainable mobility in Spain and Portugal by 2030, which will also contribute to the delivery of the European Union's 'Fit for 55' package, which aims to bring EU legislation in line with the climate goals agreed by its institutions.

We have also taken steps to align our businesses with the sustainability requirements of global financial institutions by agreeing financial terms requiring the delivery of key environmental and social indicators. I would like to thank all of our financial partners for their continuing support and collaboration in placing sustainability criteria at the core of our financing and investment decisions, as well as in our day-to-day operations.

In conclusion, I am proud to observe how we are moving in the right direction with our new Positive Motion strategy, whose holistic approach is laying the foundations for a new Cepsa and whose guiding principle is to contribute towards a better future for everyone.

AHMED YAHIA AL IDRISSE
Chairman of Cepsa



Letter from the CEO



It is my pleasure to introduce our Integrated Report for 2022, a watershed year for Cepsa, marking the start of a new era for the company driven by a renewed vision, purpose and set of values.

It was a complex year from geopolitical and economic standpoint, roiled by the uncertainty derived from the war in Ukraine, high energy prices and rampant inflation, and growing concern around energy supply security and autonomy and the consequences of climate change, an increasingly pressing issue.

We are unquestionably at a crossroads, on the cusp of major global transformation of energy markets in which, the need to step up efforts to accelerate the energy transition is coming into clear view. In fact, public and private agents are visibly committing to speeding up the pace of change with strategies such as REPowerEU in Europe and the Inflation Reduction Act (IRA) in the US.

Here at Cepsa, 2022 was marked by our new business strategy, Positive Motion, which we unveiled in March and represents a major opportunity and challenge. It is designed to use Cepsa's strengths as a business to create a leading sustainable mobility and energy in Spain and be a benchmark in the energy transition in Europe. It is articulated around the clear mission of going beyond Net Zero and shrinking our carbon footprint to become Net Positive, making it easier for our customers and broader society to move in the right direction towards decarbonisation and climate change action.

We will achieve that mission with an ambitious investment plan framed by economic viability and sustainability criteria aligned with the Sustainable Development Goals, under the United Nations Global Compact, of which we have been signatories for more than 15 years. As proof of our commitment to these goals, we converted our €2 billion syndicated loan into sustainability-linked financing for the first time, tying its terms and conditions to compliance with specific environmental and social targets, including reducing emissions and increasing gender equality. We also remain committed to young talent, innovation and digital transformation in the business.

As for our earnings, we reported a 62% increase in EBITDA to €2.9bn in 2022 and announced a near doubling of investments to 2025 to €3.6bn vs the last three years. This is a record result in a year marked by high market volatility

and underpinned by robust performance across all of our businesses.

2022 was, without a doubt, a year of change for Cepsa. We launched large-scale projects to develop green hydrogen, biofuels, renewable energies and sustainable mobility making Positive Motion a reality. More specifically:

- We invested in and scaled up our Energy Parks in Andalusia, committing strategically to the creation of the Andalusia Green Hydrogen Valley, the largest project of its kind in Europe and signed an agreement with the Port of Rotterdam for the creation of the first green hydrogen corridor between northern and southern Europe.
- We began producing advanced biofuels at our energy parks and struck alliances with Iberia, Iberia Express, Binter, Vueling, Air Nostrum, Tui and Etihad for the supply of sustainable aviation fuel (SAF) in a bid to decarbonise air travel.
- We progressed the rollout of our network of ultra-rapid EV chargers as part of our alliance with Endesa for accelerating electric mobility in Spain and Portugal.
- We launched a new family of sustainable chemicals products, NextLAB and NextPhenol, and supplied Unilever with the world's first renewable LAS surfactant, milestones contributing to the sustainable development of the chemicals industry.

In a year in which economic difficulties affected all of society, especially the most vulnerable, we reinforced our commitment to our customers by applying savings solutions and offering discounts and promotions to mitigate the effect from the energy and inflation crises.

Before signing off, I would like to take this chance to thank the entire Cepsa team, for your commitment and hard work, without which this year's robust performance would not have been possible. Thank you also to the Management Committee and our shareholders, Mubadala and Carlyle, for their support and encouragement during my first year as CEO. Lastly, I would like to thank our customers for their loyalty, and our partners, suppliers and stakeholder institutions for placing their trust in us as we work together to deliver the energy transition in Europe.

MAARTEN WETSELAAR
CEO of Cepsa



2022 MILESTONES



01

We unveiled our Positive Motion strategy for becoming a benchmark in the energy transition.



02

Framed by Positive Motion, we announced the company's new purpose and values.



03

We started to dismantle our refinery in Tenerife in collaboration with the local regional government.



04

We endorsed the UN Women's Empowerment Principles and fostered LGBTI inclusion.



05

We converted our €2 billion syndicated loan to sustainable finance.



06

We stepped up our efforts to attract young talent, in a year of record hires, to drive our new strategy forward.



07

Underpinned by our commitment to using water responsibly, we pledged to cut our withdrawal of freshwater from water-stressed regions by 20% in 2025.



08

We launched Planet Energy, a digital space for tackling the challenges and macro trends being thrown up by the energy transition.



09

We began producing advanced biofuels at our energy park in Huelva.



10

We gave our customers a €0.30 per litre fuel discount.



11

We got involved in projects for the development of 7,000 MW of renewable capacity.



12

We sealed relevant alliances for the decarbonisation of air travel with Iberia, Iberia Express, Binter, Air Nostrum, Vueling, Tui and Etihad.



13

We joined forces with Rotterdam Port to create the first green hydrogen corridor connecting northern and southern Europe.



14

We struck agreements with Acciona and Endesa for the promotion of sustainable road mobility.



15

We made Seville the European aviation decarbonisation capital, fuelling over 200 flights with biofuels.



16

We presented the Andalusia Green Hydrogen Valley, the largest green hydrogen project in Europe.





KEY INDICATORS



Financial indicators

Earnings (€ million)	2022	2021
Revenue ¹	33,446	24,532
EBITDA - IFRS ²	3,262	2,194
Adjusted EBITDA	2,939	1,815
Net profit attributable to equity holders of the parent - IFRS	1,100	661
Adjusted net profit attributable to equity holders of the parent	790	310

Financial data (€ million)	2022	2021
Share capital	268	268
Equity attributable to equity holders of the parent	4,706	4,170
Net debt	2,756	2,759

¹ Excise tax oil and gas included.

² International Financial Reporting Standards.

Sustainability indicators

	2022	2021
Scope 1 & 2 GHG emissions (thousands tCO ₂ eq)	5,491	5,625
Energy consumed (TJ) ¹	63,710	65,584
Water withdrawn (million m ³)	33.1	33.4
Freshwater withdrawn from water-stressed regions (million m ³)	14.4	15.5
Waste managed (thousand tonnes)	62.8	56.9
Waste recovered (%)	62%	64%
Habitats protected or restored (m ²)	555,900	554,700
Environmental capex (€ thousand)	100,952	43,844
Employees (n°)	10,310	9,820
Female employees (%)	38.0%	37.2%
Women in management positions (%)	26.7%	25.4%
Employees covered by collective bargaining agreements (%)	87%	87%
Fatalities, employees and non-employees (n°)	0	0
Employee lost workday injury frequency (LWIF) ²	0.55	0.66
Employee total recordable incident rate (TRIR) ³	0.98	1.20
Local suppliers	35	38
Community investment (operational and voluntary) (€ million)	4.5	4.5
Requests for ethics advice (n°)	177	134
Income tax paid by the company (€ million)	1,419	370

¹ This figure relates to the energy consumed within the organisation and excludes the energy generated and sold to third parties.

² LWIF: Total number of lost-time employee accidents / Total number of hours worked x 1,000,000.

³ TRIR: Total number of employee accidents recorded / Total number of hours worked x 1,000,000.

01

POSITIVE MOTION

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Positive Motion





1 POSITIVE MOTION



GRI: 2-22



OUR PURPOSE:

"We are transforming energy and mobility so that between us we can make the world a better place".

We want to play a key role in the energy transition. Our Positive Motion strategy is designed to make us leaders in mobility and sustainable energy in Spain and Portugal and a benchmark for energy transition. Our new strategy sets the stage for everything we are doing and will do in the next years: creating positive value, experiences and solutions in energy and mobility, offering our customers ways to tackle the decarbonisation challenge and having a positive impact on the world around us.

Enabled by an ambitious investment plan, we will drive new energy transition technologies and offer our customers new green products, making sustainability criteria a core component of our investment decisions.

We will invest a total of roughly €7 to €8 billion by 2030, earmarking over 60% to sustainable investments.

CONVERSION OF OUR €2 BILLION SYNDICATED LOAN TO SUSTAINABLE FINANCE

One of the first steps in our investment plan was to extend the maturity on our €2-billion syndicated credit facility to September 2027. For the first time, that new agreement ties the loan's financial terms to delivery of environmental and social indicators¹. In addition, the company and its syndicate of banks have committed to donating 100% of any decrease in interest payments to environmental and social projects.

Going forward, framed by Positive Motion, we will continue to tie financial instruments to sustainability targets and so accompany execution of our energy transition projects.







¹ Three environmental and social KPIs: progressive reduction in Scope 1 & 2 emissions to reach a 55% decrease in 2030 versus 2019; 15-20% decrease in the carbon intensity index of energy products sales, which includes Scope 1, 2 & 3, in 2030 versus 2019; 30% of leadership positions be held by women by 2025.

Sustainability lies at the heart of our transformation: we want our activities to have a positive impact on the planet

and on people. To do that, we are focusing on areas of priority importance to society, assuming specific commitments.

Our key commitments

 In 2030 vs. 2019 By 2050	CARBON EMISSIONS 55% reduction in Scope 1 & 2 emissions 15-20% reduction in the carbon intensity of the products we sell (Scope 3) Zero net emissions	 In 2025 vs. 2019	ENVIRONMENT 20% reduction in freshwater withdrawal from water-stressed areas	 By 2025	DIVERSITY AND INCLUSION 30% of management positions held by female executives 2% of own employees + 1% of outsourced employees of differing abilities
 In 2030 vs 2019 By 2030	CIRCULAR ECONOMY Increase the circularity of our waste flows by 50% Raise the share of renewable and circular raw materials in our energy parks by 15%	Base 100% of our new production of renewable and biojet diesel molecules on second-generation raw materials	Replace the fossil fuel sources in the chemical products we sell by introducing renewable and recycled materials		

Positive Motion embodies our ambition to grow and spearhead the path to energy transition within our social and business reach, framed by ambitions targets for transforming and decarbonising the company.



Our strategic plan targets

POSITIVE MOTION

In 2030	 1 ultra-rapid charging locations for every 200 km on essential intercity roads  1 hydrogen refuelling station every 300 km  2 GW of green hydrogen production capacity  2.5 MT of 2G biofuel production capacity  0.8 MT of annual SAF production capacity  7 GW pipeline of renewable projects	Over the decade By 2030	 €7-8 billion of investments; >60% sustainable  Majority of EBITDA from sustainable businesses
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1.1 TRANSFORMING OUR ENERGY BUSINESS



We are transforming our energy business into a mobility and sustainable energy ecosystem. We aim to supply energy and chemical products with as small a carbon footprint as

possible to reduce our emissions and help our customers with their decarbonisation pathways.



3.1 Advancing towards a net zero world



1.1.1 Leading sustainable mobility and new sales models

Fostering customer mobility and the decarbonisation of road transportation is a priority for us. To do that, we are developing the biggest sustainable mobility ecosystem in Spain and Portugal by:



Installing a leading network of ultra-rapid roadside charging stations. Target for 2030: at least one charging facility per 200 km.



Offering our B2B customers on-the-go charging network and onsite charging solutions to facilitate their transition to sustainable mobility.



Stimulating demand for hydrogen for heavy road transportation. Target for 2030: at least one refuelling station per 300 km.



Mobility-as-a-service: transformation of our 1,800 existing service stations in Spain and Portugal into digitalised, ultra-convenient premises that offer an unbeatable customer experience, including food service, by teaming up with leading quick-commerce, fast dining and fresh food retailers.



1.1.2 Spearheading sustainable energy

LEADER IN GREEN HYDROGEN

Green hydrogen is generated from wholly sustainable and renewable sources and does not generate carbon emissions. It is an energy transition enabler. Green hydrogen, and the green ammonia and green methanol that can be made from it, have the potential to reduce global energy demand by 15-20% in 2050, as they can be deployed in shipping, aviation, heavy cargo transport and other industrial sectors where electrification is challenging. Green hydrogen can also be used to make synthetic fuels.

Green hydrogen is produced by electrolysis, which splits water into oxygen and hydrogen molecules using electricity generated from renewable sources, so that it is produced without generating carbon emissions, making it the only genuinely clean form of hydrogen.

Spain is very well positioned to lead the way in the production of green hydrogen and we want to become a key exporter by leveraging the location of our energy parks in southern Spain



1.3.4 Sustainability, mobility and the customer experience



1.3.3.1 Mobility & New Commerce

(Andalusia), where the cost of producing renewable energy is among the lowest and where direct port access exists.

Thanks to that privileged location, we can offer a full suite of solutions for industrial, road transportation and shipping customers, while decarbonising our own hydrogen consumption at our energy parks. In 2030, the company will have capacity to generate 2 GW of green hydrogen 70% of which will go to customer decarbonisation, including to customers in the shipping industry, where we will sell green hydrogen molecules in the form of green ammonia. The remaining 30% will be used to cover our own hydrogen needs so that the company will be able to stop using grey hydrogen by then.

CREATION OF THE ANDALUSIA GREEN HYDROGEN VALLEY AND THE FIRST GREEN HYDROGEN CORRIDOR BETWEEN THE NORTH AND SOUTH OF EUROPE



Guided by our Positive Motion strategy, we have embarked on the creation of Andalusia Green Hydrogen Valley, the largest project of its kind in Europe. It will allow us to accelerate our ecological transition, lift our supply security and give the continent greater energy autonomy.



The project entails the commissioning of two facilities with combined capacity of 2 GW and production of up to 300,000 tonnes of green hydrogen at our energy parks in Campo de Gibraltar (Cadiz) and Palos de la Frontera (Huelva). The Valley project will be accompanied by 3 GW of wind and solar power facilities. It will also transform Algeciras Bay into a hub for green shipping fuels (ammonia/methanol) for supply to our shipping customers.



In tandem, we have reached an agreement with Rotterdam Port (the most important energy port in Europe) for the creation of a green hydrogen corridor to link up the north and south of Europe; it is slated for start-up in 2027. That new corridor will guarantee a green hydrogen supply chain between the continent's top two ports - Rotterdam and Algeciras - and will contribute to the decarbonisation of industrial and shipping operations in the vicinity of the ports, while supporting the European Union's RePowerEU strategy.



In parallel, we are rolling out a host of initiatives, such as our alliance with Ohmium for the development of high-efficiency green hydrogen projects in the Iberian Peninsula using proton exchange membrane (PEM) modular electrolyzers, which will make it possible to raise green hydrogen production capacity to up to 300 MW.



SECOND-GENERATION (2G) BIOFUELS

Biofuels will play a key role in the decarbonisation of transport. They are currently the most cost-efficient way of decarbonising the transport sector as they are compatible with today's existing manufacturing and transport systems and the only technologically mature solution for certain sectors, including aviation and heavy cargo transport.

The production of biofuels is aligned with the European Commission's Fit for 55 package aimed at fostering the use of alternative greener fuels to reduce GHG emissions intensity, particularly in shipping and aviation. In aviation, the legislative initiative known as RefuelEU Aviation seeks to drive the production and consumption of SAF (Sustainable Aviation Fuels) in the European Union, pushing their use to 2% in 2025, 5% in 2030 and 63% in 2050.

Second-generation (2G) biofuels, unlike their first-generation counterparts (1G), are made from waste such as used cooking oils and biodegradable industrial waste. Their

circularity makes it possible to reduce CO₂ emissions by as much as 90% compared to traditional fuels.

Our investments in this sector will be centred entirely around the production of biofuels from 2G raw materials. Thanks to our experience producing biofuels and our strong credentials in adapting to technological change, we are in a position to:

- Lead production of biofuels in Spain and Portugal, with plans to produce 2.5 million tonnes by 2030, so servicing road, sea and air carriers.
- Lead production of SAF (Sustainable Aviation Fuels) by 2030, the goal being to make 0.8 million tonnes a year, a third of the total required under European regulations. We already command 35% of the Spanish aviation fuel market and we are the Spanish aviation industry's number-two supplier.



AMBITIOUS PIPELINE OF RENEWABLE ENERGY DEVELOPMENTS

Renewable sources of energy are marking a watershed moment in the energy market and constitute a key enabler of climate change action and our Net Zero by 2050 ambitions. Europe wants 80% of demand for power to come from renewable sources by 2050. Our goal is to create a portfolio of 7 GW of renewable assets. That would contribute 7.8pp to Spain's renewable energy targets for 2030. That output would be used mainly for internal consumption in 2030, specifically

including for the production of green hydrogen. It will also enable the supply of green energy for electric mobility. 2.2 GW of the planned 7 GW already has grid connection rights.

We currently have a 29 MW wind farm in Jerez with 11 wind turbines. Thanks to that facility, we are avoiding the emission of 32,000 tonnes of carbon a year.



1.3.3.1 Commercial & Clean Energies



1.3.4 Sustainability, mobility and the customer experience

1.1.3 Transforming the company: energy parks

Our energy parks, located in Campo de Gibraltar (Cadiz) and Palos de la Frontera (Huelva), are strategic assets. They generate cash that facilitates our energy transition strategy. We plan to tap innovation and technology to realise the parks' full potential to develop new green products and decarbonise our production process.

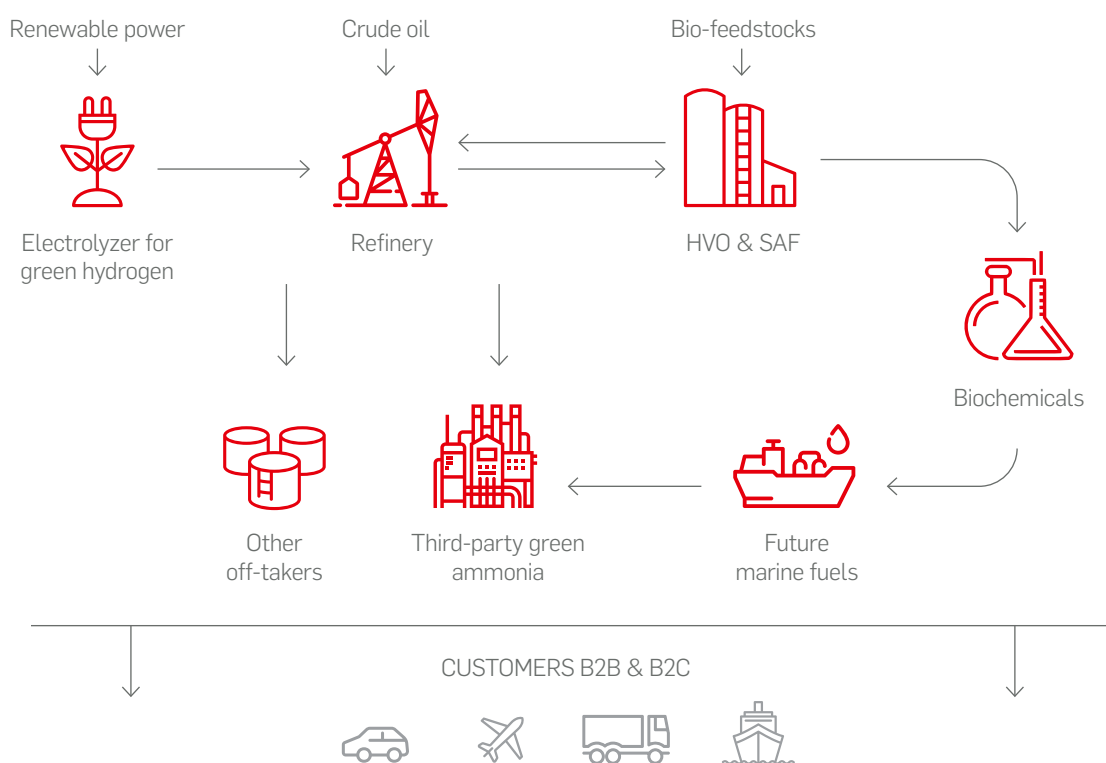
They are strategically located in southern Europe close to major ports, key markets and important industrial customers and boast excellent logistics connections. In these Energy Parks, safety and operational excellence is a key strategic

focus along with a strong focus on commercial optimisation of operations. In addition, we use IoT (Internet of Things - networks and communication technology between devices and with the cloud) combined with advanced analytics to optimise production processes.



1.3.3.1 Energy Parks

Transforming our energy parks





1.2 ACCELERATING VALUE CREATION ACROSS ALL OUR BUSINESSES



GRI: 2-6, 2-22

1.2.1 Global leader in raw materials for detergents and technical plastics

We are committed to leveraging innovation and technology to drive sector transformation by using more sustainable chemical products. We want to bolster our leadership position in the new green chemistry era: transition to lower-carbon products and processes that enhance the day-to-day lives of households and businesses all over the world.

We are the global leader in the production of linear alkylbenzene (LAB), the key raw material in biodegradable detergents, and the world's second-largest producer of phenol/acetate, essential raw materials in the automotive, construction and pharmaceuticals industries.

To reinforce our leadership in a sector undergoing transformation, we plan to continue to add the capacity, strike the alliances and preserve the autonomy needed by a pioneering player, while continuing to develop new products using renewable and recycled raw materials, such as our lower-carbon NextLAB and NextPhenol product ranges.



1.3.3.3 Chemicals



1.2.2 Portfolio of Exploration & Production assets in several of the world's most prolific basins

We are constantly trying to enhance our portfolio by strengthening our position and orienting our assets towards sustainability and efficiency. We generate value by

working under a single, centralised management model at both operated and non-operated production facilities.

Exploration & Production is a resilient and long-life business in which:

- We are optimising our performance and helping reduce carbon intensity.
- We are focusing on keeping our barrels low cost and low carbon.
- We have a very solid team of technical experts.
- There are attractive options for investing in production fields and top-quality exploration opportunities.

We are committed to sustainability and social responsibility in our business communities. Driven by that commitment, we have endorsed the World Bank's Zero Routine Flaring by 2030 initiative.



1.3.3.2 Exploration & Production





1.3 OUR COMPANY



1.3.1 Purpose and values

Framed by our Positive Motion strategy and with the goal of being leaders in green energy and mobility and helping our customers and society move in a more sustainable manner, we have defined our purpose:

"Our purpose is our reason for being, the motivation that moves us to generate value for society, for our customers and for our stakeholders"

—
Maarten Wetselaar,
CEO de Cepsa



WE ARE TRANSFORMING ENERGY AND MOBILITY SO THAT BETWEEN US WE CAN MAKE THE WORLD A BETTER PLACE

Each word has a precise meaning in relation to our purpose:



• **Transforming** means progress, development, evolution, it means moving forward with our products, our services and the experience we offer.



• **Energy** and **mobility** are our value proposition. We are providing best-in-class energy and mobility solutions.



• **Between us** is a call for collaboration, for joint commitment, encompassing our management team, our employees, our customers, our suppliers, the authorities and society at large.








• And **make the world a better place** echoes the company's ultimate purpose: not removed from reality but yet shining the spotlight on change geared at a better future.

Our purpose embodies a transformational force that inspires pride and commitment among our employees and helps us be more valuable to society by engaging it in our business strategy.

OUR VALUES

To inject life into our vision and purpose, together with our key enabler, our people, we have defined a set of corporate values, hallmarks for who we are and how we do things:

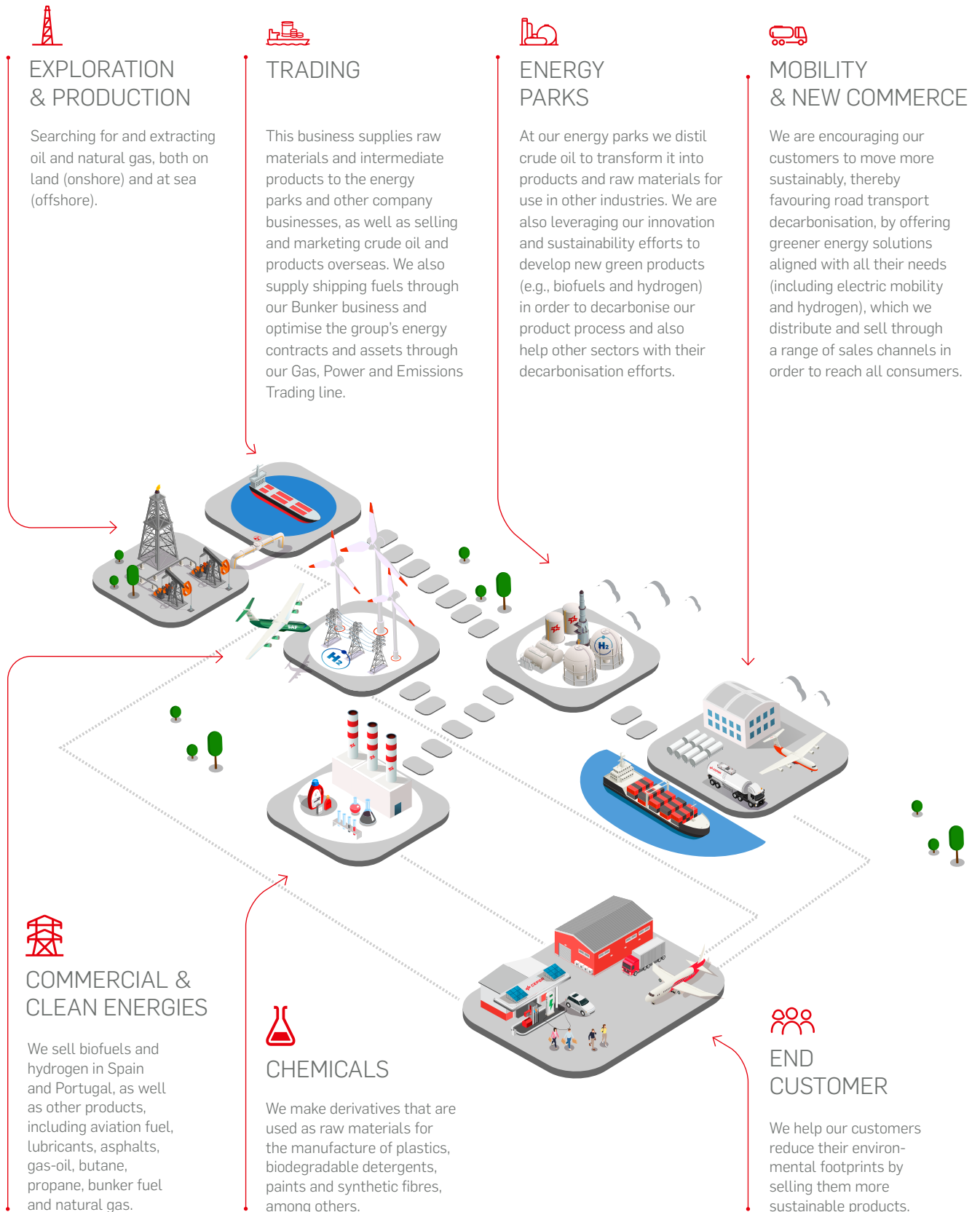
				
WE CARE ABOUT PEOPLE	WE ENTHUSE OUR CUSTOMERS	WE CARE FOR THE PLANET	WE CREATE VALUE, TOGETHER	WE DARE TO TRY
We are committed to the safety, wellbeing and development of our teams and communities.	We learn and grow with them so as to top their expectations by creating unique experiences.	We are working for a better energy future.	We work together effectively, respectfully and honestly, bringing people together to achieve excellent results.	We tackle change with enthusiasm and courage, championing projects that can have a real impact.

To define and select our values we conducted a host of activities involving the entire organisation, notably including working sessions with the Management Committee and workshops and other brainstorming dynamics with our employees and influencers.



1.3.2 Value chain

A global company operating throughout the oil & gas, chemicals and power value chain.



1.3.3 Our businesses

GRI 3-3, 2-29

1.3.3.1 Energy

ENERGY PARKS

2022 MILESTONES



Production of biofuels at our plants in Palos de la Frontera and Gibraltar-San Roque (Spain) under the incoming Fuel Quality Directive (FQD) requirements.

We drove the development and generation of biofuels at our energy parks by co-processing vegetable oils. The Gulfining unit is already capable of producing hydrogenated vegetable oil (HVO). In 2023, the Hydrocracker unit will likewise be configured to co-process.



Production of SAF (Sustainable Aviation Fuels). We are already producing SAF at our energy parks from olive stones and other plant waste generated by the Spanish olive sector. That fuel is being used optimally in commercial flights, so helping deliver Europe's air travel decarbonisation pledges.



Lean Manufacturing - Project BRIO. This pioneering initiative at our energy parks has enhanced and optimised production, making it far safer and more efficient and reliable, while making our employees a cornerstone of this cultural transformation. The overriding goal of this initiative is to attain operational excellence in the Energy Parks business.



Our refining operations are concentrated in Spain, with two energy parks in the south, which account for 33% of installed capacity, strategically located close to key sea ports, from which we cater to domestic and international demand for refined products.

At our refineries we distil crude oil and transform it into more value-added products of use in numerous sectors, including the transport, residential, industrial and petrochemical sectors, so meeting society's need for energy and materials. We strive to select the grades of crude oil that best suit our energy parks

and whose hydrocarbon content is apt for the various end products we manufacture.

This business's future is conditioned by surplus refining capacity in Europe and the competitiveness of new refineries located outside of the continent. Regulation is also impacting the sector considerably, marked by increasingly restrictive environmental and technical product specifications, including stricter emissions limits and the requirement to make growing use of biofuels.



Our aspiration is to remain a benchmark energy player in Europe. We are making progress on our operational optimisation initiatives, while maximising the production of biofuels in order to reduce greenhouse gas emissions.

One of our most important projects last year was the dismantling of the Cepsa refinery in Santa Cruz de Tenerife (Santa Cruz Verde 2030). That project is unique on account of its scale and relevance and marks one of the biggest industrial-to-urban land reconversion projects in Europe, so making it a symbol of the energy transition. That land will be transformed and given a new environmental lease of life, taking an energy and social sustainability approach. The dismantling work is linked with the commissioning of a new storage and distribution station in Granadilla Port, scheduled for 2025.

In parallel, we are working on a range of short- and long-term initiatives at our energy parks to reduce our energy consumption by investing in new technology. We are also in the midst of far-ranging digital transformation to render our energy parks more competitive and spearhead the sector's technological transition.

We aim to be a top-level national player in the biofuel space by maximising our co-processing and production capacity, increasing the value of our assets and striking alliances to ensure the supply of advanced raw materials.



We want to lead the green hydrogen value chain by investing specifically to satisfy the needs of our own processes, as well as demand for industrial green hydrogen in southern Spain, in line with the European Union's ambitious objectives.

COMMERCIAL & CLEAN ENERGIES

2022 MILESTONES



Launch of the biggest green hydrogen project in Europe at our Energy Parks. We are going to build the largest green hydrogen park in Spain: Andalusia Green Hydrogen Valley, with 2 GW of capacity, slated for commissioning between 2026 and 2027, which will produce 300,000 tonnes of green hydrogen a year.



Agreement to create the first green hydrogen corridor connecting northern and southern Europe. That corridor, which is expected to be operational in 2027, will help decarbonise the shipping industry and transport by supplying green fuels to Algeciras Bay and Rotterdam Port. The Dutch city is the most important energy port in Europe, handling 13% of the continent's energy demand.



Seville, European capital for air transport decarbonisation.

We supplied our airline customers with SAF (Sustainable Aviation Fuels) in Seville airport for the first time in 2022. Specifically, in November, over 200 flights headed for different destinations in Spain and Europe made Seville the southern European capital for air transport decarbonisation.

Commercial & Clean Energies provides customer solutions, including management of B2B businesses in the manufacturing, agricultural, aviation, lubricant, asphalt, gas and electricity segments. It also develops decarbonisation solutions for its customers by creating value chains around the biofuel, hydrogen and renewable energy (solar and wind power) businesses.

Our deep experience producing and supplying energy and our technological know-how place us ideally to lead the

production of second-generation biofuels, so driving circular economy ideals.

Against that backdrop, we plan to become the leading supplier of SAF, underpinned by agreements with most of the airlines. We are currently the Spanish aviation industry's number-two supplier.





In 2022, the traceability of the sustainable fuel we sold for flights taking off from Seville airport was certified, for the first time in Spain, under the International Sustainability Carbon Certification (ISCC EU) system. That certification covers our SAF from production through to physical supply.



Framed by our commitments to championing the decarbonisation of the shipping industry and contributing to a circular economy, we successfully pilot tested advanced shipping biofuels in Spain. We are now ready to sell those advanced biofuels to our customers from the shipping sector.

We are one of Spain's leading hydrogen producers and we aim to lead the production of green hydrogen in Spain and Portugal by 2030. Our ambition, under the scope of our Positive Motion strategy, is to be a key player in the import and export of this energy source between Europe, Africa and the Middle East, leveraging the strategic location of our facilities on the Iberian Peninsula.

That ambition is evident in our plans to build the largest green hydrogen development in Europe at our energy parks. We will also develop a portfolio of solar and wind projects in order to generate the renewable electricity needed to produce that green hydrogen.

Elsewhere, creation of the first green hydrogen corridor between northern and southern Europe will support the European Union's RePower strategy, which aims to guarantee energy independence, secure supply and stimulate the production of clean energy. The corridor is a fundamental step in our strategy, as hydrogen is one of the major enablers of our ambition to become a benchmark player in Europe's energy transition.

The Renewables, Gas & Power business has one combined cycle power plant and seven combined heat and power

plants at our main productive facilities (powered by natural gas), which mainly cover internal consumption needs. It also supplies gas and power to industrial and service sector consumers. This business is carried out in the Iberian Peninsula, mainly in Spain. It also supplies some of our other businesses, including Trading, Mobility & New Commerce, Energy Parks and Chemicals.

The challenge here is to boost business volumes, the goal being to expand our renewable generation capacity, in an increasingly volatile market environment and in activities heavily impacted by regulation. We are committing strategically to new energy markets with growth potential, such as renewable energies.

We are developing new renewable energy facilities in order to help deliver the decarbonisation and climate change targets announced in conjunction with our new Positive Motion strategy. That pipeline of renewable assets will cover our green electricity requirement and certify the volume of power generated from renewable sources. In 2022, we obtained grid connection rights for photovoltaic developments with installed capacity of 2.2 GW.

Lastly, we import natural gas into Spain and we complement our gas supply activity with short-term trading activities. Cepsa Gas Comercializadora, S.A. (70%-owned by the group parent) principally supplies gas to industrial customers.



1.3.4 Sustainability, mobility and the customer experience

MOBILITY & NEW COMMERCE

2022 MILESTONES



Last year we provided an additional fuel discount at our Spanish service stations of up to €0.30/litre, on top of other discounts, including those offered under our alliances with Carrefour and Wizink. As a result, our retail customers were able to benefit from an additional €0.20 discount for total savings of up to €0.50 per litre.



We launched the R'spiro concept at our service stations, offering our customers the chance to take a quality meal break, thanks to a broad range of premium products in a sustainable, high-design space.



Agreement with Endesa for the installation of ultra-rapid chargers at our service stations: in line with our Positive Motion strategy, in 2022 we began to install ultra-rapid chargers that will enable our customers to charge their EVs in just 20 minutes.

The Mobility & New Commerce business manages the transformation of mobility, seeking leadership in electric mobility and developing digital commerce solutions that leverage its customer and service station networks.



We offer our customers sustainable energy solutions to cover all their needs. We want the quality of our services and the customer experience with us to be consistently memorable.





The decarbonisation of road transport and end customer mobility is driving us forward. We are building the largest e-mobility ecosystem in Spain and Portugal, in partnership with Endesa, to meet our customers' charging needs, whether at home or on the road. Our ultimate goal is to create a network of ultra-rapid charging facilities with at least one 150-kW charger every 200 kilometres on main intercity roads.

The extraordinary fuel discounts offered at our service stations in Spain of up to €0.30 per litre comprised: the €0.20 subsidy provided by the Spanish government, plus the €0.05 universal discount which Cepsa offers all of its customers and an additional €0.05 for members of Cepsa's loyalty programme. During the first quarter of 2023, we are offering our loyalty programme members a discount of €0.10/litre (borne entirely by the company) and an additional €0.02/litre discount for customers purchasing fuels from the Optima range.

We plan to stimulate demand for green hydrogen in commercial road transport by placing hydrogen service

stations every 300 kilometres on the main roads connecting Spain with Europe by 2030.

Cepsa's service stations, which constitute the second-largest network in Spain and Portugal, are set to be transformed into ultra-convenient, digitally-friendly rest spaces and eateries in which our customers will encounter a broad variety of services, including fresh food, drug store products, e-commerce services with home delivery and sustainable car washing, all in addition to multi-energy refuelling options.

We plan to launch a new loyalty programme with the main aim of enhancing the customer experience. The goal is to bring in three million customers in four years, leveraging the new CEP SAGOW app.

Lastly, Cepsa is creating a data-driven culture in parallel, using advanced analytics to transform the customer experience. It will also use artificial intelligence (AI) in decision-making processes so that it can offer end-to-end services in real time.



1.3.4 Sustainability, mobility and the customer experience



TRADING

2022 MILESTONES



New organisational structure at the Trading business: developing the group position optimisation model.

The Trading business generates key value for the company, procuring the raw materials needed by our productive facilities and managing product storage and logistics, in coordination with the rest of the company's business units.

It also gives us a foothold in international markets, gleaned information about trends in product flows, prices and forecasts, crucial for strategic planning.



Through this business we support and generate value for all of Cepsa's businesses, likewise extracting value from our own portfolio and our deep knowledge of the crude markets, leveraging our full experience to constantly search for new business opportunities.



The new organisational structure reinforces the strategic lines already existing within the Trading business: optimisation of the company's assets by developing the trading optimisation model, creation of the Singapore office to globalise the business and manage flows across several markets and development of the biofuel trading business.

Trading activity within the Crude & Products business procures the raw materials needed by our production facilities and manages storage and placement in the product channel, in coordination with the rest of the company's business units. It also coordinates product supply activities with the Energy Parks and Commercial & Clean Energies businesses, including the supply of biofuels. It manages the

shipping aspect, ensuring compliance with safety protocols, specifically the guidelines set by the Vetting unit, which is responsible for assessing and approving the tankers needed in this business.

Our Gas, Energy & Environmental Product Trading business line has access to the wholesale energy, gas and carbon markets. That connectivity along the value chain is essential to maximising the flexibility of Cepsa's energy portfolio and managing its emissions.

Lastly, we bring our vast know-how and experience to managing volatility and constantly searching for opportunities to monetize in the futures and derivatives markets.



1.3.3.2 Exploration & Production

2022 MILESTONES



We participated in the discovery of an important offshore field in Suriname, the biggest discovery in several decades. We have a 25% interest in that block and contributed to the exploration work together with our partners, Apache and Petronas.



We reached an agreement with Sonatrach for the extension of the BMS contract in Algeria for five years: that agreement was approved by the Spanish Cabinet on 4 December 2022, marking a major milestone for the company and the continuity of its operations in Algeria.



For the first time, the Peruvian assets earned triple certification under ISO 9001, 14001 and 45001, while the carbon footprint certificates at all our fields include Scope 3 emissions (indirect emissions in the value chain). All of which with the aim of raising the profile of our transparent management.

The Exploration & Production unit, which is present in North Africa, the Middle East and Latin America, explores for, develops and produces oil and natural gas.

We currently have a stake in the second-largest oil field in Algeria.

Our asset in Abu Dhabi, where we have an operating concession until 2058, is currently at the development phase and is expected to reach peak production in 2025. SARB's output (Abu Dhabi) reached 120,000 bopd in July, five months ahead of schedule.

Last year we also participated in a deep-water exploration drilling campaign at Block 53 in Suriname, one of the highest potential areas discovered in recent years. We have a 25% interest in that asset. The drilling work confirmed the presence of an active oil system in the south-eastern area of the block. Work is underway to evaluate the readings and the rock and fluid samples taken.

We participate in the above assets using a range of formulas, including as operator, joint venturer and lead technical partner in non-operated assets. The oil and gas we produce is mainly sold by our Trading teams.



In 2022, we continued to focus on the cost streamlining process embarked on in 2020 and 2021 in order to eke out efficiency gains and invest highly selectively in projects.



In the current crude price climate, coupled with the cut in OPEC+ production quotas and ongoing search for operational excellence, the Exploration & Production business is a cash generator, reinforcing the company's financial muscle.

In terms of its strategic direction, the Exploration & Production business is focused on maximising the value of its existing portfolio. Framed by that strategy, in the coming years, investments will focus on our existing assets with a view to maximising their value and efficiency.

KEY EXPLORATION & PRODUCTION ASSETS



UNITED ARAB EMIRATES

- Cepsa has a 20% interest in the SARB, UMM LULU, Bin Nasher and Al Battel offshore fields, which are non-operated assets, under concession. In production since 2019.
- Cepsa has a 13% interest in Abu Dhabi Oil Company CO, LTD (ADOC) through Cosmo Abu Dhabi Energy Exploration & Production CO, LTD (CEPAD). Four offshore crude oil fields in production (Uhm Al Anbar, Neewat Al Galan, Mubarras and Hail), located off the Abu Dhabi coast. Not operated.



ALGERIA

- Rhourde el Krouf (RKF) crude oil field. Located in the Berkine Basin. 49%-owned by Cepsa, joint operation, in production. Onshore.
- Ourhoud crude oil field. Located in the Berkine Basin. 37%-owned by Cepsa, joint operation, in production. Onshore.
- BMS crude oil field. Located in the Berkine Basin. 75%-owned by Cepsa, joint operation, in production. Onshore.
- Timimoun natural gas field. Located in the Timimoun Basin, 11%-owned by Cepsa, joint operation, in production. Onshore.



PERU

- Block 131: 100%-operated by Cepsa. Onshore and in production. Located in the Ucayali Basin.



COLOMBIA

- Onshore. Crude oil. In production:
 - Caracara (70%), located in the Los Llanos Basin, operated by Cepsa.
 - La Cañada Norte (17%), located in the Magdalena Upper Valley. Not operated by Cepsa.
 - Llanos 22 (55%), located in the Los Llanos Basin. Operated by Cepsa.



SURINAME

- Exploration Block 53 with a discovery under assessment. Located in the Guyana-Suriname Basin. 25%-owned by Cepsa. Deep-offshore asset. Not operated.



MEXICO

- Three exploration blocks, Blocks 16, 17 and 18. Located in the Tampico-Misantla Basin. Not operated by Cepsa (20% interest). Shallow-water offshore assets.

1.3.3.3 Chemicals

2022 MILESTONES



Launch of NextLAB and NextPhenol. The Chemicals business launched a new range of sustainable products, introducing renewable and recycled raw materials into production of its two main products - LAB and phenol - for the first time.



Acquisition of 28.56% of DETEN Química, S.A. Cepsa Química S.A increased its ownership interest in the Brazilian chemicals company to 100%.



ISCC PLUS (International Sustainability and Carbon Certification) certification. We obtained ISCC PLUS certification at all of our production plants globally, allowing us to produce the new range of sustainable products, NextLAB and NextPhenol.



Cepsa's Chemicals business is the leading developer of chemical products and processes that improve people's lives and enable businesses all around the world.



Our chemicals facilities in Spain are located close to our energy parks and process highly value-added raw materials.

We have chemicals plants in Spain, Canada, Brazil, Nigeria and China and oleochemical facilities in Indonesia and Germany.

Our products have a number of uses, including as raw material for detergents, resins, electronic parts, synthetic fibres and pharmaceutical products, among others.

We are committed to research, development and innovation to guarantee the sustainability of our industry and the quality of our products. We are present in the everyday lives of millions of people and in the value chain of virtually every industrial sector. We are strategically committing to circular economy criteria to rationalise the use of inputs in order to build a more sustainable, efficient and just world.



We are the world-leading producer of LAB (linear alkylbenzene) and the number-two global producer of phenol/acetate, underpinned by our technological leadership in both cases.





Our LAB is an essential raw material for the production of biodegradable detergents, while our phenol business line

supplies the leading producers of polymers for the automotive, electronics and construction industries.

nextLAB
nextPHENOL

In 2022, we launched our new family of sustainable products, NextLAB and NextPhenol, which use renewable and circular raw materials in order to help our customers hit their sustainability targets. For the first time in history, we supplied Unilever with the maiden LAB made from renewable sources for the manufacture of linear alkylbenzene sulphonate (LAS), the surfactant used in biodegradable detergents.

In the LAB line in particular we are proud to be the joint owners of the best manufacturing technology in the world. We are leading its industrial implementation (DETAL Project at the chemicals plant in Puente Mayorga), which is enabling us to increase our production of LAB and solidify our leadership, underpinned by a safer, more efficient and more sustainable process which optimises the use of raw materials and

electricity, while reducing the generation of emissions and waste and the consumption of water. Puente Mayorga was the first LAB plant in the world to take this important step, becoming the first chemical facility to use next-generation DETAL technology. DETAL technology is also improving the quality and versatility of our LAB.



1.3.4 Sustainability, mobility and the customer experience

GRI 3-3, 2-29

2022 MILESTONES



Development of new sustainability-, mobility- and customer experience-related services. 2022 highlights included the alliance struck with Endesa for the construction of an end-to-end solution for both companies' customers with the ultimate goal of deploying the largest ultra-rapid EV charger system in Spain and Portugal; the development, together with Acciona, of a network of battery exchangers across our service stations; and the launch of our new premium service stations, new convenience stores and the R'spiro cafeteria brand.



Customer discounts.

We offered our customers a fuel discount of €0.30 per litre until the end of 2022 to mitigate the exceptional surge in energy prices (including the subsidy provided by the Spanish government).



Alliance with Cicar, the leading car rental company in the Canaries, to accelerate the transition to sustainable mobility on the islands.



Alliances with Iberia, Binter, Vueling, Air Nostrum, Tui and Etihad for decarbonising air transport, spearheading the supply of SAF (Sustainable Aviation Fuels) and reducing carbon emissions by up to 80% relative to traditional fuels.



Offset of heating oil emissions by investing in asset reforestation projects in Spain and abroad with the aim of giving those forests the mass needed to absorb the carbon dioxide emitted.

We place our customers at the heart of our business strategy. Our customer priorities include reinforcing our long-term relationships with them by offering compelling energy and commercial solutions and improving their satisfaction levels consistently.

Our [Customer Relationship Policy](#) sets out the commitments underpinning the provision of a unique value proposition and optimal standards of service and care.

Those commitments guide our actions and improvement plans, focusing on:



Offering an environmentally-sustainable and respectful proposition underpinned by a unique experience and high quality, excellence and safety standards.



Managing our customer relationships ethically and responsibly, listening to their needs and tailoring our business activities to each of our markets' social and cultural realities.



Investing in new digital, sustainability and mobility solutions conducive to facilitating the energy transition, reducing the carbon footprint and enabling the circularity of our customers, engaging them in those thrusts and garnering their loyalty.

Our challenge is to make our customers trust and recommend us more and more by continually boosting their satisfaction levels. We analyse trends in their feedback, needs and expectations to fine-tune our processes, enhance our contact points and propose new services in order to boost their loyalty.



Some of the most noteworthy measures taken in 2022:



Discounts in addition to those provided by the Spanish government continuously from 1 April until the end of the year. We offered all of our customers a fuel discount of €0.25 per litre, including the €0.20 subsidy provided by the government, giving carriers and members of our loyalty programme a bigger discount of €0.30, along with other benefits.



Advances on the digitalisation of our services including upgrades of the Cepsa app, making it one of the fastest-growing apps in Spain, the Starressa app for the virtual management and use of cards, paperless receipts and implementation of a market-leading CRM.



Improvement of our Customer Experience programme by placing QR codes at our service stations, making it easier for our customers to share their feedback with us.

We measure our customers satisfaction constantly through surveys and qualitative studies with focus groups. We track specific indicators, including our net promoter score (NPS), to detect shifting needs and expectations. Note that Cepsa increased its NPS by over two points compared to 2021.

In line with our Positive Motion strategy, we have embarked on service station transformation, opting for the ultra-convenience store approach: we launched the R'spiro cafeteria and bakery brand, e-commerce services and retail points offering a drug store assortment, a range of takeaway food and lockers, in partnership with Amazon.

We improved our vehicle washing service by using recycled water, solar energy and biodegradable soap, accompanied by the launch of an innovative payment system using our app and bank card, for both manual and automatic car washes.

Framed by our commitment to diversity and inclusion, we gave visibility to the LGTBQ+ movement, flying the pride flag from our service stations for the month of June.



HELPING OUR CUSTOMERS REDUCE THEIR CARBON FOOTPRINTS

We help our customers reduce their environmental impacts by selling them more sustainable products. In 2022, we successfully supplied and pilot-tested shipping biofuels and struck alliances with several airlines for the supply of SAF

(Sustainable Aviation Fuels). Our ambition to be leader in these clean fuels is tangible in our goal of producing 0.8 million tonnes by 2030.

We champion sustainable mobility. We have started to install a new and pioneering intercity EV charging network in Spain and Portugal by fitting our service stations with ultra-rapid chargers. We also continued to develop more sustainable fuels such as our range of Optima fuels, compressed natural gas (CNG) and vehicular natural gas (VNG).



We sell more sustainable lubricants with our Fuel Economy, Hybrid and Biodegradable ranges and greener asphalts under our Regener and Betun Masai trademarks.

We launched a project to offset the emissions derived from our customers' heating oil consumption by financing reforestation projects.



Appendix 3.12 Our clients

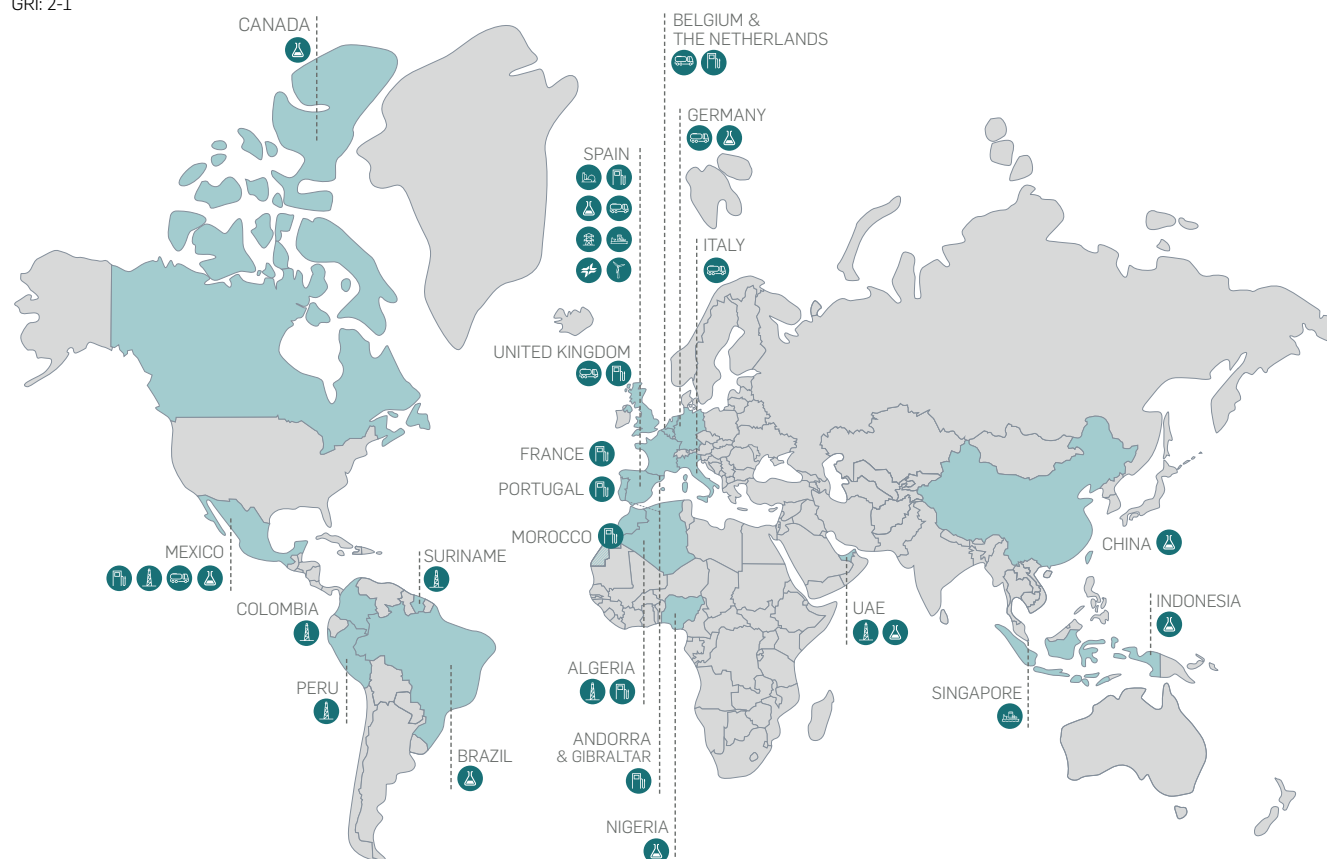
CUSTOMER AND PARTNER DECARBONISATION PROGRAMME



We are pioneering a customer and partner decarbonisation programme, building a new ecosystem that goes far beyond conventional transactional relationships to offer and share unique solutions in the world of energy, taking a holistic approach to the challenges that are emerging. Faced by those challenges, we are putting the customer front and centre, taking a cross-cutting perspective, offering singular, unconventional interaction in order to actively help them with their energy transition pathways. By way of illustration, one of our customers who used to regularly purchase and use gas oil in the traditional transactional manner is now receiving end-to-end advice from us on how to decarbonise, along with a set of energy products and carbon credits which, over time, will converge towards a net zero net emissions solution.

1.3.5 Global presence

GRI: 2-1



ALGERIA

- Exploration and Production
- Distribution and marketing of petroleum products

ANDORRA & GIBRALTAR

- Distribution and marketing of petroleum products

BELGIUM & THE NETHERLANDS

- Distribution and marketing of chemicals products
- Distribution and marketing of petroleum products

BRAZIL

- Chemicals

CANADA

- Chemicals

COLOMBIA

- Exploration and Production

CHINA

- Chemicals

FRANCE

- Distribution and marketing of petroleum products

GERMANY

- Distribution and marketing of chemicals products
- Chemicals

INDONESIA

- Chemicals

ITALY

- Distribution and marketing of chemicals products

MEXICO

- Distribution and marketing of petroleum products
- Exploration and Production
- Distribution and marketing of chemicals products
- Chemicals

MOROCCO

- Distribution and marketing of petroleum products

NIGERIA

- Chemicals

PERU

- Exploration and Production

PORTUGAL

- Distribution and marketing of petroleum products

SINGAPORE

- Trading

SPAIN

- Refining
- Distribution and marketing of petroleum products
- Chemicals
- Distribution and marketing of chemicals products
- Gas and Electricity
- Trading
- Corporation
- Renewable energy generation

SURINAME

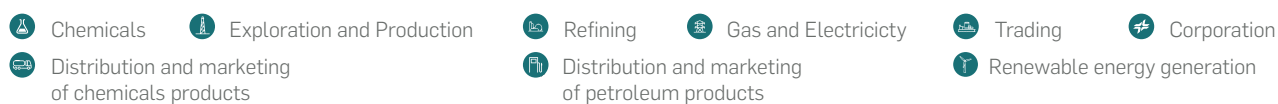
- Exploration and Production

UAE

- Exploration and Production
- Chemicals

UNITED KINGDOM

- Distribution and marketing of chemicals products
- Distribution and marketing of petroleum products



1.3.6 Innovation, digitalisation and cybersecurity

1.3.6.1 Innovation, enabling transformation

GRI: 3-3

2022 MILESTONES



Circular Waste Recycling Project.

With this initiative we are pursuing three goals: introducing and processing flows from waste conversion at our energy parks; recovering our own waste and reintroducing it into the value chain; and studying the technical and economic viability of producing G-II oil lubricants from used materials.



Reorganisation of the R&D structure.

To drive our Positive Motion strategy forward, we have set up an Energy Transition Department within the Research Centre to focus on research into energy transition enabling technology and a New Undertakings Department to facilitate agile investment in forward-looking businesses and technologies.

Key indicators	2022	2021
R&D projects underway (nº)	56	48
Innovation projects focused on energy transition (%)	50%	44%
R&D collaboration partners (nº)	75	70



Underpinned by our Positive Motion, we are committed to transforming our businesses by focusing on the generation of renewable energy, biofuels, green hydrogen and bio-based chemical products, decarbonisation and enhanced product circularity. To that end we are championing, on our own and through partnerships, projects designed to deliver more sustainable alternatives for our products and services.

Our transformation thrust requires the application of innovative solutions for adapting our manufacturing processes by fostering the use of renewable power generation technologies.

We were granted 11 new patents in 2022, bringing the total to over 50 across 20 different countries. Intellectual property management is a cornerstone of our innovation initiatives in a bid to protect the progress we make and maximise returns.

OUR RESEARCH CENTRE



We are working on high-impact research projects for our production centres and sales units. In tandem we provide our customers, particularly in lubricants and specialties, with technical assistance.

We have laboratories, next-generation equipment and pilot facilities capable of replicating the processes we undertake in our production centres, mainly at our energy parks and chemicals facilities. Those capabilities have

enabled us to create more efficient and environmentally-friendly productive processes, develop new fuels and unlock valuable projects.

In 2022, we undertook a number of research projects focused on developing new sustainable chemical products, identifying biological alternatives for fossil fuel-based products and searching for more eco-friendly production systems.





KEY INNOVATION AND ENERGY TRANSITION PROJECTS

- SOLfuture - project for developing photoreactors to generate value-added fuels and products from CO₂ in collaboration with another five partners (IMDEA Energía, ICIQ, ICMM-CSIC, CIEMAT and APRIA).
- Electrification of steam furnaces and boilers at the energy parks.
- Use of microalgae as a source of advanced third- and fourth-generation biofuels.
- Circular Project. Study into plastic pyrolysis and of the oil pyrolysis co-process at pilot facilities.
- Study into sources of biomass as substitutes for fossil-fuel crudes.
- Development of applications for the inline near infrared spectroscopy (NIR) technique for real-time optimisation of crude distilling at the energy parks.
- Study to measure the impact of colour on B7 biodiesel blends (diesel blended with 7% of bio-based fuels) with advanced bio flows such as waste produced by the biodiesel industry (TME and POMEME).
- Study into the co-processing of second-generation biomaterials such as used household oils at the hydrodesulfurization pilot plant for later testing at the industrial units.
- Recovery of solid urban waste as a source of fuel for the energy parks.
- Multi-renewable-fuel service station. Biogas, green hydrogen and renewable electricity refuelling.

KEY COLLABORATIONS

Cepsa collaborates end to end with its outside partners on joint innovation projects.

We entered into more than 50 agreements in 2022 with different partners, including international research centres, start-ups, technology licensors and other companies, to research new avenues for innovation.

Cepsa's Research Centre participated in two projects financed under the umbrella of Horizon Europe related with plastic waste recovery and fuels made from bio-based raw materials.

Our R&D department sponsored and hosted two post-doctoral research initiatives included in the Marie Skłodowska-Curie Actions excellence programme for the study of disruptive plastic recycling technology.

Back in Spain, Cepsa applied for financing for projects related with the use of sustainable raw materials and the development of bio-aviation fuel.

1.3.6.2 Digitalisation, driving growth

GRI: 3-3

2022 MILESTONES



SUICAT - Development of digital tools for HDS (Hydrodesulphurisation)

unit optimisation. This tool allows us to optimise cycles and anticipate atypical patterns and the end of the hydrotreater's cycle. We also developed a predictive tool that supports the four HDT (Hydrotreating).



We launched our second digital transformation thrust.

We defined our new strategy for the development of innovative solutions for 2023-2027, with digitalisation as the core growth engine.

Key indicators	2022	2021
Digital transformation projects ¹ (n°)	333	282
Digital skills training hours (n°)	64,154	76,046

¹ The digital transformation project number includes the cumulative number of projects undertaken since 2018.

We know well that digitalisation drives rapid and efficient innovation and is a prime catalyst for our energy transition projects.

Positive Motion seeks to boost digital transformation in our quest to become a data-driven and agile delivery company in which decision-making is based on data by making the most of its value and adopting new ways of working.

Transformation of our energy businesses requires setting up innovation processes and embedding them in all our operations and production streams. To that end, in 2022, we launched a new digital transformation strategy (2023-2027), articulated around four core areas:





Open innovation to generate new opportunities by joining forces with technology partners and collaborative ecosystems to help us apply new technology, thereby driving innovation.



Artificial intelligence (AI) and data analytics to focus our efforts on data governance and democratisation and AI applications, approaching data as a core strategic asset. We are striving to create an ecosystem of data visualisation and business intelligence tools with a focus on decision-making.



The internet of things (IoT) to enhance the customer experience at our service points, a cornerstone of our Positive Motion strategy, and develop advanced industrial operations, thanks to the deployment and scaling up of smart devices to generate new information and automate processes.



Human Experience to design experiences that empower employees and set us apart vis-a-vis our customers.

We measure our employees' digital maturity in order to study and propose digital upskilling action plans as part of our Digital Mindset project.

The driving force behind that digital upskilling effort is to enable our employees handle data and new technologies more autonomously. One example is the Cepsa Digital Experience

(CDX) training programme, designed to give staff knowledge and skills related with the digital transformation thrust by taking an experiential approach. The programme's third edition in 2022 took in 240 new students ('hickers') to bring the total participation count to 1,300. Last year we added streamed content to make it more flexible.



In 2022, we also launched CDX for managers, providing training on a range of digital technologies (data management, cloud computing, AI and IoT). The idea is to get them to layer digital acumen into their vision of the business so as to be able to detect opportunities.

Another digitalisation initiative being rolled out is our data democratisation project under which employees are being given tools to enable them to access data in a simple and organised manner.

We also developed initiatives for other businesses and areas of the company such as Cepsa Gow, Datamart IGM FIAB and the Inspections Platform.

ACCOLADES



The Digital Mindset project earned Cepsa second prize in the CIONET awards, specifically in the Digital Talent category.



We were also runner-up in the AMETIC Digital Skills Awards, again for Digital Mindset, and in the Forbes Innovation by Kyndryl Awards, for the SUICAT project.



1.3.6.3 Cybersecurity

GRI: 3-3

2022 MILESTONES



Operational Technology (OT) Cybersecurity Programme.

We developed additional protection capabilities, notable among which are those related to security monitoring and obsolete system renewal.



Improved cloud security in corporate cloud environments

by deploying anomalous activity monitoring and detection solutions that are analysed 24/7 by our Security Operations Centre (SOC).

The current digital environment, marked by massive data usage and exponentially growing hyperconnectivity, is fuelling the need to safeguard the confidentiality, integrity and availability of information. That task is a priority component of our digitalisation strategy.

We have drawn up a specific [Cybersecurity Policy](#) which defines the digital systems strategy, in turn yielding a number of different action plans currently under development.

Our cybersecurity model, which is ISO 27001 certified¹, is underpinned by a suitable technology risk management approach and the deployment of top-notch, innovative technical services and solutions.

Our corporate cybersecurity area is responsible for the model's performance and implementing our dedicated master plan, which is sponsored by senior management. Twice-yearly, we review and report on our cybersecurity risks to the Audit, Compliance, Ethics and Risk Committee, which endorses any new initiatives and certifies delivery of the planned milestones.

Our cybersecurity dashboard, which consists of key indicators related with our strategy and our current detection, prevention and response capabilities is a key management and reporting tool. We perform specific measurements in order to monitor and manage the mitigating measures put in place to guard against major threats.



Cepsa holds an A-rating from RiskRecon² for its approach to cybersecurity, which is the highest rating and means it is above the 95% percentile in its sector.



¹ The scope of that certification is the entire company.

² A Mastercard company and leading provider of automated cybersecurity risk assessments.

CYBERSECURITY PROTECTION MEASURES



Increased boundary of overall coverage by adding supervisory and control solutions and capabilities.



Enhanced user-level protection: device-specific cybersecurity, hard disk encryption, USB port blocking and data leakage prevention.



Reinforcement of two-factor authentication with a focus on remote access, where measures have been beefed up.



Process automation based on artificial intelligence (AI) and machine learning in order to detect potential malware.



Enhanced response capabilities in the event of potential cybersecurity events which are tested periodically by carrying out a range of drills.

FOSTERING A CULTURE OF CYBERSECURITY

Over the course of 2022, we upgraded the mandatory cybersecurity training our professionals have to complete and moved forward with the initiatives outlined in our annual awareness plan. Highlights:

- Simulation of real attacks like phishing, vishing (by phone) and smishing (instant messaging), as well as the use of fraudulent USB devices.
- Training imparted over the awareness platform.
- Multichannel publication of regular knowledge pills to raise awareness.



02

GOOD GOVERNANCE

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Good governance



2.1 CORPORATE GOVERNANCE



GRI 2-9, 2-10, 2-11, 2-13

Key indicators	2022	2021
Board members (as at 31 December) (nº)	10	10
Board meetings (nº)	7	7
Board meeting attendance (%) ¹	97%	96%

In 2022, our Board of Directors paid close attention to the unfolding geopolitical challenges and market environment, while reinforcing our ESG governance in order to accelerate our sustainability transformation.

Our corporate governance model is articulated around the recommendations made in Spain's Code of Good Governance of Listed Companies, as applicable, prevailing company law and principles of ethics and transparency, framed by international standards and best practices in corporate governance.



2.2 Our sustainability management

PRIORITISATION OF CYBERSECURITY-RELATED RISKS



The Board of Directors, through its steering committee, the Audit, Compliance, Ethics and Risk (ACER) Committee, is increasingly paying attention to the management and oversight of cybersecurity risks, which are reviewed quarterly, framed by the corporate risk map. Against that backdrop, we approved a new Cybersecurity Policy last year. In parallel, our ACER Committee prioritised assessment of Cepsa's exposure to key technology risks, including data security and cybersecurity risks.

¹ Attendance was over 97% in 2022, with just one director absent from the meeting of 26 July and one absent from that of 15 December; both authorizing other attending directors to act as their proxies.

GOVERNING BODIES

Our most important governing bodies are the General Shareholders' Meeting, the Board of Directors and the Board's three advisory committees.

Shareholder representation at the General Meeting is proportionate to their ownership interests. Along with the Board of Directors, it is the company's highest governing body.

Cepsa has two main shareholders: Cepsa Holding, LLC, with a 61.36% interest, which is controlled by Mubadala Investment Company, and Matador Bidco, S.A.R.L., which owns 38.41%, and is controlled by The Carlyle Group.

GOVERNING BODY STRUCTURE



General Shareholders' Meeting

As set down in the company's Articles of Association, the General Shareholders' Meeting is the company's ultimate decision-making body. It resolves on all matters falling under its remit under company law or the company's Articles of Association.



Board of Directors

Except for matters reserved exclusively for the shareholders in general meeting, the Board of Directors is the company's highest governing body. Its duties include overseeing and controlling the management and performance of the company's businesses, approving its plans, policies, objectives and strategies and ensuring due execution and implementation of the latter. The Board delegates the company's day-to-day management in the CEO in order to focus its work on its general supervisory function, directly assuming the related responsibilities.

Audit, Compliance, Ethics and Risk (ACER) Committee

This Board committee's duties include supervision of the internal audit function, the internal control, compliance and risk management systems, dealings with the statutory auditor and the due preparation and integrity of the financial and non-financial information of the company and its group.

Nomination and Compensation Committee

This Board committee oversees the selection, appointment, re-election and removal, as warranted, of the company's directors and key management personnel. It is tasked with analysing, reporting on and proposing remuneration policy for those individuals and making proposals to the Board regarding decisions falling under its remit.

Strategy and Sustainability Committee

This Board committee provides the Board with expertise and advice to enable the latter to perform its supervisory role better, especially in relation to matters that could have an impact on the company's strategic management, businesses or investments, ensuring that sustainability perspectives and priorities are at all times duly factored into all strategic and business decision-making.

 *Cepsa's Strategy and Sustainability and ACER Committees are tasked with overseeing decision-making and ESG management.*

2.2 Our sustainability management

At the executive level, there are two committees in charge of managing the company's day-to-day operations:



Management Committee

This executive body is responsible for day-to-day management of all of Cepsa's businesses, its strategic organisation and coordination and integration of all economic, social, environmental and ethical aspects into all high-level decision-making. It is currently made up of 12 heads of the various business lines and corporate functions, as well as the CEO.



Investment and Contracts Committee

The responsibilities assigned to this internal committee include reviewing and deciding on contracting and investment related decisions, subject to certain thresholds stipulated in the Company's Delegation of Authority. It also monitors the scope and development of investment projects underway and any budget deviations affecting projects under its remit.

In order to foster and support diversity, we also have a Diversity and Inclusion Committee, which is responsible for overseeing the implementation and development of the diversity and inclusion strategy and programme.



COMPOSITION OF THE BOARD OF DIRECTORS AND ITS BOARD COMMITTEES

The Board of Directors is made up of 11¹ members. As at 31 December 2022, it consisted of 10 directors, as there was one vacancy² at year-end. Seven of those directors are proprietary, one is independent, another is executive and the last qualifies as 'other external'.

Name	Board of Directors	Executive/ Non-executive	Audit, Compliance, Ethics and Risk Committee	Nomination and Compensation Committee	Strategy and Sustainability Committee	Director category	Length of service	Minority group representation	Duties related with ESG impacts	Stakeholder represented
Ahmed Yahia ³	Chairman	Non-executive			Chairman	Proprietary	Since el 04/02/2021	No		Majority shareholder
Marcel van Poecke	Vice Chairman	Non-executive		Member	Member	Proprietary	Since el 15/10/2019	No		Minority shareholder
Maarten Wetselaar	Chief Executive Officer	Executive			Member	Executive	Since 01/01/2022	No	Yes	
Ángel Corcóstegui	Member	Non-executive	Chairman			Independent	Since 01/02/2016	No		
Alyazia Al Kuwaiti	Member	Non-executive		Chairwoman	Member	Proprietary	Since 18/01/2016	No		Majority shareholder
Saeed Al Mazrouei	Member	Non-executive	Member		Member	Proprietary	Since 13/11/2018	No		Majority shareholder
Joost Dröge ⁴	Member	Non-executive			Member	Proprietary	Since 15/10/2019	No		Minority shareholder
Marwan Naim Nijmeh	Member	Non-executive		Member		Proprietary	Since 15/10/2019	No		Majority shareholder
Bob Maguire	Member	Non-executive	Member		Member	Proprietary	Since 15/10/2019	No		Minority shareholder
Jacob Schram	Member	Non-executive				Other external	Since 27/10/2022	No		
Jörg Häring	Non-Director Secretary		Secretary	Secretary	Secretary		Since 07/06/2021			
José Téllez	Non-Director Deputy Secretary		Deputy Secretary				Since 24/10/2014			



¹ On 27 October 2022, the company's shareholders resolved to increase the number of directors to 11 and appointed Jacob Schram to the Board in the category of 'other external director', albeit with no ties to the main shareholders.

² On 16 March 2022, the company's shareholders accepted the resignation of Musabbah Al Kaabi, so creating a vacancy on the Board of Directors. As at 31 December 2022, the vacancy created by the departure of Mr. Al Kaabi remained open.

³ Mr. Ahmed Yahia has been the company's chairman since 4 February 2021. He is an external proprietary director and represents the majority shareholder. He is therefore a non-executive director.

⁴ Joost Dröge resigned from the Board of Directors and, by extension, the Strategy and Sustainability Committee on 1 February 2023. That same day, the company's shareholders resolved, in general meeting, to appoint Gregory Nikodem to its Board of Directors and the Board in turn named him member of the Strategy and Sustainability Committee.



The Board's profile is markedly international and all of the directors bring extensive professional track records and expertise from the energy, finance, manufacturing and sales sectors.

HOW THE MEMBERS OF THE COMPANY'S GOVERNING BODIES ARE SELECTED

The company's shareholders are tasked with appointing or re-electing directors at the General Meeting based on a recommendation by the Nomination & Compensation Committee.

The Nomination & Compensation Committee is in charge of selecting the most suitable candidates for the various positions on the Board of Directors and its three committees.

If there are vacancies on the Board, motions for the appointment of new directors are submitted at the General Meeting for ratification.

When selecting candidates, the committee considers a range of attributes, including the diversity of skills and expertise they bring, their ability to devote the necessary amount of

time to the post and their knowledge of matters of particular importance to the energy business (industrial, technical and financial acumen, among others).

An effort is made to ensure the Board's composition is well balanced, marked by a wide majority of non-executive directors.

The members of our ACER Committee are appointed in light of their skills, expertise and professional experience in the areas of accounting, auditing, internal control and financial and non-financial risk management and control. Each member must bring financial expertise and at least one must meet the definition of financial expert stipulated in the ACER Committee's regulations.



All director candidates must be professionals of proven integrity whose conduct and professional trajectories are aligned with the principles enshrined in Cepsa's Code of Ethics and Conduct and its vision and values.

OUR MANAGEMENT



○ Management Committee



The fact that our management team boasts executives who bring deep experience in the energy sector and extensive international track records places us in an ideal position to spearhead the energy transition in Spain and Portugal and tackle the trends that are shaping our sector's key success factors.

Our management team's goal is to continue to drive earnings growth, while offering a better customer experience and driving exemplary efficiency and safety results. We are designing more

user-friendly, inclusive and intuitive organisational interfaces and cross-company reporting structures. We are also prioritising ESG matters in crucial agendas all across the firm.



Appendix 3.2 Corporate governance





2.2 OUR SUSTAINABILITY MANAGEMENT



GRI: 2-9, 2-13, 2-14, 2-22, 2-23, 33

2022 MILESTONES



Creation of the Strategy and Sustainability Department, having merged the Strategy and ESG areas, whose mission is to ensure correct execution of the sustainable transition implied by Positive Motion.



Recognition in benchmark international ESG ratings, taking the top spots in the Integrated Oil & Gas sector



Launch of the company's Sustainability Plan to drive the implementation of Positive Motion.

Sustainability lies at the heart of our new values. We want to make progress on the energy transition by having a positive impact on our surroundings and meeting our stakeholders' expectations.

SUSTAINABILITY PLAN

The Sustainability Plan emanates from our Positive Motion strategy so as to have a positive impact on people, our customers, the environment, society and the economy as a whole. It is a cross-cutting framework designed to deliver positive impacts for society and mitigate our negative impacts. It is underpinned by ambitious commitments and a solid roadmap.



PENDING

Our cross-cutting, multidisciplinary sustainability teams are playing a vital role in accelerating the organisation's transformation and generating awareness.

We have integrated the sustainability management effort into the Strategy and Sustainability Department, which reports to the Finance Department, to help implement our business strategy shift towards a more sustainable model and enhance our positive contribution to society.

We have set up a company-wide management model to help Cepsa's management take cross-cutting decisions on a timely basis. To articulate that model we have created a number of

multidisciplinary committees and taskforces to manage our performance along different dimensions.

That management model is coordinated by the ESG Steering Team, made up of the heads of the various businesses and corporate functions. Our taskforces speed up the process of making commitments on material matters and facilitate the monitoring effort. They are allowing us take a cross-cutting approach to defining our commitments and roadmap for Sustainability Plan purposes, while enabling progress on the challenges thrown up by the energy transition in their respective areas of influence.

KEY COMMITMENTS UNDER OUR SUSTAINABILITY PLAN



TALENT

30% women in management positions by 2025

2% of employees with a disability by 2025

1% of subcontracted employees with a disability by 2025



CLIMATE

55% reduction in Scope 1 and 2 emissions by 2030 in comparison with 2019

15-20% decrease in the carbon intensity of our products sold by 2030 in comparison with 2019

Net Zero by 2050



CIRCULAR ECONOMY

Increase the circularity of our waste flows by 50% by 2030

Raise the share of renewable and circular raw materials in our energy parks by 15% by 2030



NATURAL CAPITAL

20% reduction in freshwater withdrawal from water-stressed areas

No exploration and production operations in areas considered World Heritage Sites by UNESCO.



HEALTH AND SAFETY

Zero fatalities and serious incidents



ETHICS AND HUMAN RIGHTS

No incidents of corruption or anti-competitive behaviour



SUPPLY CHAIN

100% of main suppliers with ESG score by 2023



COMMUNITIES

Active engagement with local communities in areas of operation

Support of social organisations in Cepsa's local environment





In 2022, the Board of Directors and its steering committees specifically addressed, at least quarterly, matters related with the company's sustainability management and performance. That structured reporting process is designed to facilitate efficient ESG oversight and agile decision-making by our governing bodies.

The company's new culture aims to bring sustainability to every corner of Cepsa. Our new purpose and values go in that direction. We have also trained over 4,500 of our employees and more than 450 suppliers on sustainability matters.

1.3.1 Purpose and values



In tandem, we are gradually incorporating sustainability criteria into procedures all along the value chain, e.g., talent selection and promotion, and financing. Moreover, sustainability criteria are embedded in all employees' remuneration, including that of senior management. Sustainability criteria are also used to assess supplier performance.

3.3.4 Remuneration: competitiveness and engagement



3.5.3 Positive supplier relations



EMPLOYEE SUSTAINABILITY PLAN







With the aim of bringing Positive Motion to all our employees, framed by a revamped set of values and culture, we have devised a plan to help them take up sustainability lifestyle habits in their professional and personal lives so as to reduce their environmental footprints. That plan addresses a range of matters from mobility to energy, waste and water management and the initiatives come in a range of forms, from awareness campaigns to aid, internal policy modifications and workplace moves.

ESG RATINGS: ACKNOWLEDGEMENT AND CONTINUOUS IMPROVEMENT

Third-party assessments of our sustainability performance help us continue to advance and improve on the aspects of greatest importance to our stakeholders, but also to showcase our achievements, as we rank at the sector forefront.



 Last updated: 23 Sept. 2022 Min. 0 – Max. 100	CORPORATE SUSTAINABILITY ASSESSMENT (CSA)	Industry mover 95th percentile 71 points	Ranked within the Top 5% in O&G Upstream & Integrated and as an Industry Mover, having improved its score year-on-year by more than any other company in its sector.
 Last updated: 17 Nov. 2022 Min. 100 – Max. 0		1st position 19,2 points	First place in the O&G Integrated sector for the second year running, ranking as the only player presenting low ESG risk.
 Last updated: 11 Nov. 2022 Min. 0 – Max. 100		"Advanced" category 61 points	"Advanced" performance (highest category) in the Energy (O&G) sector.
 Last updated: 16 Jan. 2023 Min. 0 – Max. 100		1st position 82 points	First place and "Leader" category in the Integrated O&G sector.






2.3 SUSTAINABILITY- ALIGNED POLICIES



GRI: 2-23, 2-24

In line with the Sustainability Plan, our policies, which are approved by the Board of Directors and apply to all activities across the organisation and all business relationships, cover our material topics from the sustainability standpoint. They define the commitments and guidelines incumbent upon all our employees, who are kept informed about any new policy or policy changes by means of our weekly in-house newsletter.

Corporate Policies on 
Cepsa's corporate website

CORPORATE POLICIES



Rules and regulations, purpose and values



Code of Ethics

Code of Ethics and Conduct



Sustainability

Sustainability policy



Environmental policies

- HSEQ
- Climate action
- Biodiversity



Social policies

- Human Rights
- Human Resources
- Diversity and Inclusion
- Sustainable Procurement
- Customer Relations



Governance policies

- Data Protection and Privacy
- Defence of Fair and Effective Competition
- Bribery, Corruption, and Conflict of Interest Prevention
- Corporate Tax
- Ethics and Compliance Channel
- Control on Sanctions and Embargoes in Trade Relations, Exports, and Dual-Use Goods
- Crime Prevention
- General Risk Policy
- Cybersecurity
- Communication
- Security



2.4 RISK MANAGEMENT



GRI: 207-2

2022 MILESTONES



Update of the General Risk Policy, which lays down the principles for delivery of systematised management and control of risks of any kind.



Rollout of the Risk Assessment Methodology.

We implemented a method for quantifying impacts and aggregating long-term risks, underpinned by our Positive Motion strategy.



Update of our climate change risks and opportunities to reflect the recommendations issued by the Task Force on Climate Related Financial Disclosures (TCFD).

We reviewed our physical and transition climate risks, as well as the related opportunities, across both our units and our different geographies over a range of time horizons (2030, 2040 and 2050) and climate scenarios.

RISK MANAGEMENT MODEL

Our Integrated Risk Management and Control System is compliant with the COSO-ERM criteria and ISO 31000 standard. It sets out the general framework, principles and procedures for efficiently managing any kind of risks.

In 2022, our Board of Directors reviewed and approved Cepsa's General Risk Policy, which formulates the principles and guidelines for ensuring the systematic identification, assessment, measurement and control of threats, in keeping with our defined risk tolerance thresholds.

To support the strategic planning process, we analysed the main risks to which the company is exposed, including potential new, emerging risks, assigning probability of occurrence and impact estimates to each, as well as factoring in other parameters such as speed of materialisation. To do that we analysed external sources and cross-checked them against our in-house information, gleaned from our business units and corporate departments, to assess their impact.

The key phases of our integrated risk management process are:

- Understanding the external and internal contexts, establishing assessment criteria.
- Identifying the resulting risks, including those related with climate change, for which our risk taxonomy is aligned with the criteria established by the TCFD.
- Analysing and assessing the risks, looking at both positive and negative causes and consequences.
- Risk management strategy, depending on its relevance, and risk appetite, as established in our policy, by implementing the most appropriate responses to minimise the probability of occurrence or potential impact.
- Regular monitoring and reviewing the risks, reporting to the Management Committee and the Audit, Compliance, Ethics and Risk Committee quarterly and the Board of Directors at least twice a year.



RISK MANAGEMENT GOVERNANCE

Our risk management system, designed around the three lines of defence model, provides an end-to-end vision of how the various areas of the organisation interact, boosting the effectiveness of our key risk management and control processes.



The **Board of Directors** is ultimately responsible for the correct functioning of our Integrated Risk Control and Management System. It relies on the Audit, Compliance, Ethics and Risk Committee to implement and supervise that system.



The **Management Committee** is tasked with ensuring compliance with the defined risk tolerance thresholds across the company and with managing risks in line with our Risk Policy.



The **Corporate Risk Unit** proposes, drafts and implements our guidelines and establishes common methodologies and tools to create uniform criteria and ensure that risks are managed coherently and consistently across all business units and corporate functions.



The **business units and corporate functions** identify, analyse, assess and manage threats and carry out action plans which are coordinated by the business-level risk units.

KEY RISKS FACED BY THE COMPANY

The spectrum of risks to which the company is exposed can be classified into four major categories, in which the various ESG-related risks are duly identified:



Strategic. Risks related with the general environment and the company's strategic positioning and planning, including political, economic and technological factors.



Financial. Risks derived from volatility in commodity prices and the prices of other financial variables, as well as risks related with hedging and trading strategies and financial and tax management.



Operational. Risks associated with value chain management, operational effectiveness and efficiency, resource and people management, personal and facility safety, the environment and asset integrity.



Compliance. Risks related with governance, compliance with legal requirements and other commitments assumed and with the company's legal strategy.



Appendix 4 Detailed information about the company's key risks

EMERGING RISKS

As part of our analytical strategic planning process, we identified key emerging risks and cross-checked them against external sources. We are monitoring those new risks at least quarterly. The main emerging risks identified in 2022, in line with the most recent Emerging Risks reports published by Gartner, are:

- **Economic recession.** The danger of an economic recession with lasting consequences caused by the energy crisis derived from the conflict in Europe, the scope for persistently high inflation and the increasing cost of capital as a result of central bank monetary tightening could have an adverse effect on our earnings, harm our ability to raise capital or trigger other financial impacts related with the supply chain. At Cepsa we have identified and quantified the impacts this scenario could have on demand for our products, on commodity prices and on the cost of the materials we need to execute our projects. To mitigate those impacts, we are monitoring market trends in real time, identifying efficiency and cost-saving plans in order to defend our profit margins and planning forward-looking initiatives together with our suppliers. Last year we also benchmarked the company's relative positioning in terms of business continuity and resilience as part of our response to the risk of crises.
- **Growing social and political expectations.** This refers to the fact that organisations such as Cepsa, pressured by stakeholders, are having to respond to a growing number of social and/or political issues, which could imply change in response to new market rules, tighter requirements or increased and unpredictable regulatory pressure. We must keep a close eye on possible regulatory developments, which is why the company has reinforced the team devoted to that monitoring task. That team is delivering better insight into the possible impact of such threats and an enhanced ability to tackle them by means of contract underwriting and actions with sector associations.



RISK CULTURE

Our Risk Policy prioritises fostering a company-wide risk culture by working on several fronts:

- **In-house training programmes.** Designed to educate participants about the company's risk management methodology and the use of technical upgrades to ensure standardised and robust assessments.
- **Improved management tools.** As part of this effort, we organised sessions about the new risk tool implemented in 2022 for users.
- **Other continuous learning initiatives:** regular meetings addressing new trends and emerging risks and the publication of *ad-hoc* reports.

In addition, the Corporate Risk area organises workshops devoted to how to analyse investment projects and other specific topics in which we identify, assess and discuss cross-cutting risks with senior management, as well as the key business-specific threats.



2.5 PROACTIVE STAKEHOLDER ENGAGEMENT



2.5.1 Stakeholders

GRI: 2-29

We strive to have a positive impact on our surroundings and respond proactively to our stakeholders' expectations. We are working to build solid and transparent relations that generate value for all involved.

To that end, our management system establishes a general framework for action designed to facilitate prioritisation and

management of our stakeholder relations, mitigate risks and identify opportunities for improvement.

We also use a standardised stakeholder identification model and ask our stakeholders about their expectations annually.



EXPECTATIONS DETECTED AND COMMUNICATION CHANNELS ESTABLISHED WITH OUR MAIN STAKEHOLDERS

Stakeholder	Expectations detected	Communication channels established
Shareholders	<ul style="list-style-type: none"> • Financial and business performance • Key investment decisions • Progress on ESG matters • Key management appointments • Main risks and mitigation measures 	<ul style="list-style-type: none"> • Governing body representation • Tailored communication
Customers	<ul style="list-style-type: none"> • Product and service safety • Energy transition • Service quality and customer satisfaction • Supply security and access • Fair trade 	<ul style="list-style-type: none"> • Satisfaction measurement and grievance management systems • Customer service • Now Service • Ethics and Compliance Channel • Social media
Employees	<ul style="list-style-type: none"> • Stable and quality work • Flexibility • Pleasant workplace climate and good working conditions • Strategy and investments • Equal pay and opportunities • Gender equality • Safety 	<ul style="list-style-type: none"> • MAX virtual assistant • Ethics and Compliance Channel • Commitment surveys • Corporate intranet • Internal communication effort
Society	<ul style="list-style-type: none"> • Personal and facility security • Climate change and environmental protection • Diversity • Human rights and ethics • Business sustainability • Product quality • Community work 	<ul style="list-style-type: none"> • Corporate communications • Neighbourhood associations • Open days • Public consultations • Email suggestions inbox • Local community management teams • Ethics and Compliance Channel • Corporate website • Social media • Associations, voluntary organisations and initiatives
Suppliers	<ul style="list-style-type: none"> • Equal terms and conditions • Business terms and relationships • Personal and facility security • Climate change and energy transition • Human rights 	<ul style="list-style-type: none"> • Supplier portal within the corporate website • Satisfaction surveys • Email suggestions inbox and support centres • Supplier events • Ethics and Compliance Channel



2.5.2 Institutional relations

GRI: 3-3, 2-28

Framed by Positive Motion, our Institutional Relations Plan enables us to proactively take part in public debate and further our engagement with stakeholders so we can meet their expectations and deliver the company's targets at the same time.

The Institutional Relations Plan is reviewed annually with the aim of keeping our stakeholders current on the industry's and Cepsa's role and activities in the mission of forging a just, green and inclusive transition.

Beyond our institutional activity, we are also members of business and/or industry associations and think tanks.

Through our involvement with these entities, we can bring our technical expertise to enhancing the legislative process, promoting research in order to raise social awareness, encouraging citizen participation in the ecological transition and explaining industry's role.

We also take part in or are involved with a range of social or environmental initiatives or entities to enhance industry best practice and cooperation.

We have a specific approach for evaluating our membership and role in associations and whether to join a new association, and for prioritising topics and areas of action, in line with our Positive Motion strategy.

In 2022, we became a sponsoring partner of Forética, Spain's benchmark business platform in the ESG area, and joined its Spanish Business Council for Sustainable Development. Our membership of Forética dates back to 2018. We participate actively in its Climate Change and Social Impact clusters, both of which seek to raise ambitions, accelerate action, facilitate networking and beef up alliances and dialogue with the public authorities and other benchmark institutions within their respective remits.

Appendix 3.3 Stakeholder management

SUMAMOS ENERGÍAS



We started up the Sumamos Energías programme with the aim of maximising the integration of our renewable facilities into their surroundings and helping to create opportunities for socio-economic development and growth in the local communities where we carry out renewable projects. The initiative comprises three main commitments:

- To drive the socio-economic development of the communities where plants are to be located.
- To protect the environment and biodiversity, minimising our impact on ecological habitats.
- To ensure transparency, reporting to and communication with all stakeholders.



Initiatives/associations and platforms in which Cepsa is involved



DRIVING POSITIVE IMPACT

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Driving Positive Impact



3.1 ADVANCING TOWARDS A NET ZERO WORLD



TCFD, GRI: 3-3, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5, SASB: EM-EP-110a.3, EM-RM-110a.2, RT-CH-110a.2, EM-EP-530a.1, RT-CH-530a.1, EM-RM-530a.1

2022 MILESTONES



Decarbonisation targets for 2030. 55% reduction in Scope 1 and 2 carbon emissions at the operational level and reduction of between 15% and 20% in the carbon intensity of the energy we sell, including the Scope 1 and 2 emissions derived from its production and the Scope 3 emissions derived from its use, by comparison with 2019 levels.



Net Zero by 2050.
Our goal is to achieve net zero emissions by 2050.



Assessment of Positive Motion strategy and climate ambitions for 2050. Assessment under the ACT (Assessing low-Carbon Transition) initiative using the specific oil & gas methodology, evidencing the level of preparedness of our strategy for pursuing the energy transition being demanded of the sector.

Key indicators	2022	2021
Carbon emissions, CO ₂ eq Scope 1, thousand tonnes of CO ₂ eq*	5,280	5,290
Carbon emissions, CO ₂ eq Scope 2, thousand tonnes of CO ₂ eq	211	335
Carbon emissions, CO ₂ eq Scope 3, thousand tonnes of CO ₂ eq ¹	62,326	58,113
Energy consumption (TJ) ²	63,710	65,584

¹ The indirect Scope 3 emissions reported are limited to five categories (Purchased goods and services; Fuel- and energy-related activities; Upstream transportation and distribution; Downstream transportation and distribution; Use of sold products).

² This figure relates to the energy consumed within the organisation and excludes the energy generated and sold to third parties.

3.1.1 Climate change governance



Cepsa's Board approved the company's 2030 Positive Motion strategy along with the related decarbonisation targets in 2022.

Climate change brings both risks and opportunities for the company. To ensure correct oversight and control of the climate change strategy, specific responsibilities have been assigned to the highest governing bodies and executive committees within our corporate governance model.

The Board of Directors is tasked with approving strategic climate change targets and signing off on the matters

delegated in its steering committees (Strategy and Sustainability; Nomination and Compensation; and Audit, Compliance, Ethics and Risk). Those committees are tasked with overseeing management of the climate change strategy and the related risks, complying with applicable rules and regulations and tying the company's climate ambitions to its compensation regime.

The Strategy and Sustainability Committee:



Reviews and makes recommendations to the Board on the strategic plan with respect to emission reduction commitments and targets and the energy transition.



Periodically reviews and monitors the established performance metrics such as net emissions, internal carbon price-setting and delivery of the related goals and targets.



Monitors the risks and opportunities related with climate change and the energy transition and the sustainability trends taking hold in society that could have an impact on the company's business activities.



The Audit, Compliance, Ethics and Risk Committee centralises oversight of risk- and compliance-related matters and oversees correct implementation of the climate change internal control system.

The Management Committee is responsible for making decisions, allocating resources and monitoring the company's performance against its strategy. The Carbon Cycle unit, within the Strategy and Sustainability Department, is in charge of championing the climate change pathway.

In addition, the main mission assigned to the Carbon panel, a multidisciplinary and cross-cutting team with representatives from all business units, is to review and accelerate all opportunities for reducing direct carbon emissions and aligning our activity with a significantly lower level of emissions.

In 2022, we introduced two climate change objectives into the company's dashboard which have a direct impact on Cepsa employees' variable remuneration. The first is the approval of

energy efficiency projects and the second relates to the reduction of a specific amount of Scope 1 and 2 carbon emissions for the year by comparison with 2019 levels, in line with the decarbonisation targets set under the umbrella of the Positive Motion thrust.

We also have a [Climate Action Policy](#), approved by the Board of Directors in 2021, which establishes the framework for articulating our ambitions.

2.1 Corporate governance



CLIMATE RISK GOVERNANCE

The Internal Control and Corporate Risks Unit is part of the Internal Audit, Compliance and Risk Department, which reports functionally to the Audit, Compliance, Ethics and Risk (ACER) Committee.

The ACER Committee has been vested with specific duties in the area of climate change, notably including:


-  Oversight of the company's climate change strategy, practices and policies and the level of delivery of the commitments assumed.
-  Transparency in the area of climate change, framed by use of one of the internationally accepted methodologies such as that of the TCFD.

CDP CLIMATE CHANGE


Thanks to our participation in the CDP Climate Change initiative, we report on our climate change management practices and on the associated key performance indicators. We have ranked in the leadership group with a score of A- since 2021.



3.1.3 Climate change:
risk and opportunity
management



For further information,
visit the CDP
website



3.1.2 Strategy under the guidance of Positive Motion



3.1.2.1 Aligned with Positive Motion

The ambitions embedded in our Positive Motion strategy go beyond the effort to fight climate change. We are committed to being an active, front-line player in the transition towards

a carbon-neutral economy. We want to pursue more sustainable business models and provide our customers with lower-carbon energy.



We want to be Net Zero¹ by 2050, in line with the benchmark climate scenarios of 1.5°C warming of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

POSITIVE MOTION DECARBONISATION COMMITMENTS



55% reduction in Scope 1 and 2 carbon emissions by 2030 by comparison with 2019 levels.



Reduction in the carbon intensity of the energy we sell to end customers by between 15% and 20% in 2030 by comparison with 2019 levels.

We have had our Positive Motion strategy assessed under the ACT (Assessing low-Carbon Transition) methodology, using its oil & gas sector-specific version², in order to measure how ready the company is to transition to a low-carbon economy. The conclusions of that assessment attest to the validity of our decarbonisation targets and solidity of our climate change governance model and verified that our Positive Motion strategy is ambitiously invested in the company's energy transition.

Our targets for 2030 put us in line with the IEA's SDS Sustainable Development scenario of 2°C and our Net Zero by 2050 ambition would put us in line with the IEA and IPCC

1.5°C scenarios. As a result, improvements in upcoming ACT assessments will stem from three pledges we have made: to implement the Decarbonisation Plan for delivery of our emission-cutting targets; to increase our R&D budget for energy transition projects; and to raise the visibility of our decarbonisation targets vis-a-vis our customers.

Examples of the specific actions taken in 2022 include the approval of 25 energy efficiency projects at our Energy Parks and Chemicals facilities nationwide and progress on our new commercial strategy, spearheaded by the Commercial & Clean Energies business, marked by new agreements for supplying low-carbon energy to our customers.

1. Positive Motion 

1.3.3 Our businesses 

¹ In line with the SBTi's Corporate Net-Zero Standard, to attain our Net Zero by 2050 target, we will take measures to reduce our Scope 1 and 2 emissions by at least 90% compared to benchmark levels. Any remaining emissions will be offset using nature-based solutions.

² We decided to assess our Positive Motion strategy using the ACT methodology developed together with CDP as the Science Based Target initiative (SBTi) has yet to publish an assessment protocol for the oil & gas sector and the Transition Pathway Initiative only covers listed companies.

ISO 14067 - CARBON FOOTPRINT OF PRODUCTS CERTIFICATION



We have audited all our energy parks' products under the ISO 14067 standard on the carbon footprint of products. Our internally-developed calculation methodology has been certified by a third party. That exercise allows us to provide our customers with information about our products' carbon footprints over the different stages of their life cycles that can help them manage and track their own decarbonisation goals and commitments.

EMISSIONS-CUTTING TARGETS

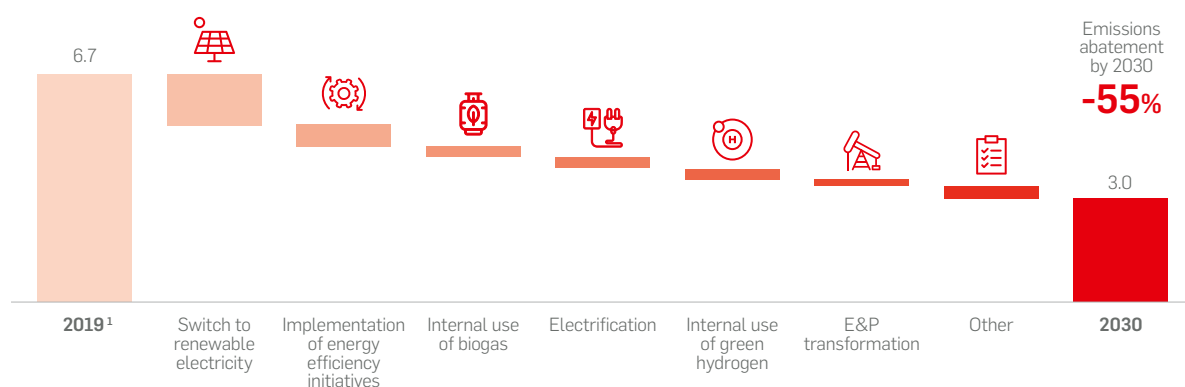
Our Decarbonisation Plan, endorsed by the ACT assessment, has a dual objective: firstly, to reduce the carbon footprint of our industrial operations and secondly to reduce that of the solutions we offer our customers.

The first step is to reduce our Scope 1 and 2 carbon emissions by 55% by 2030 by comparison with 2019 levels. That goal is tied to the productive activity of the facilities under our

operational control and is articulated around a series of emission-abatement levers such as energy efficiency projects, consumption of green electricity, gradual electrification of our processes and steam generation. We monitor those levers constantly to assess the speed at which they are being implemented as a function of technological developments and utility prices.



The Decarbonisation Plan up close



¹ 2019 is taken as the benchmark year for annual emissions prior to implementation of the Decarbonisation Plan.



1. Switching 100% of our facilities' electricity consumption to renewable sources*.
2. Switching our electricity generation assets over to renewable sources. To that end we will cease generating power using fossil fuels.



Technology solutions for reducing the consumption of fossil fuels. In 2022, we did the basic engineering work for the first package of energy efficiency initiatives which between them will reduce carbon emissions by 120k tonnes of CO₂**.



Replacement of natural gas, a fossil fuel, with biogas, in both direct purchases and our own generation.



Electrification of cogenerations, processes and furnace steam generation, involving the replacement of combustion equipment that relies on fossil fuels with machines that run on renewable electricity.



Consumption of 100% green hydrogen in all our production processes.



Transformation of our E&P assets to reduce their carbon intensity***.



Other emission-abatement initiatives.

* Our Spanish chemicals facilities consume renewable electricity only. Since 2021, all productive areas of our Energy Parks and our factory in Tenerife are likewise exclusively consuming green electricity. In addition, in the Mobility & New Commerce and Commercial & Clean Energies businesses, our network of service stations and lubricant and asphalt factories are supplied solely with renewable electricity. The mission is to increase that boundary.

** To turn our commitment to reducing our energy consumption into a reality, our main Energy Parks and Chemicals factories in Spain have ISO 50001-certified energy management systems.

*** Since 2021 none of our operated assets in this business has emissions from venting.

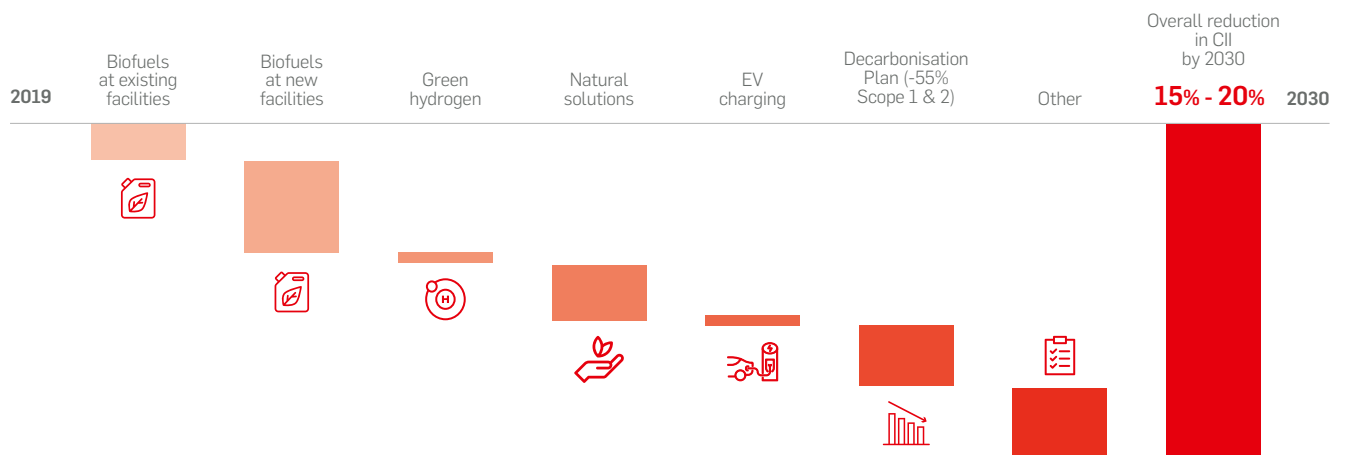
In parallel, the Plan is targeting a reduction of between 15% and 20% in the carbon intensity of the energy we sell to end customers in 2030 by comparison with 2019 levels. That goal is tied to the transition towards lower-carbon business models. It is expressed in terms of tonnes of CO₂ per unit of energy

(tCO₂/TJ), adding together the Scope 1 and 2 emissions generated upstream and downstream in making energy products and the Scope 3 emissions associated with the use of those products.

Between 2023 and 2030 we plan to strike alliances with biogas producers to develop projects around this renewable fuel, made using plant, forest and animal waste, in Spain and Portugal. Biogas will drive decarbonisation across all our industrial facilities on the Iberian Peninsula, while also facilitating sustainable mobility for heavy road transport customers for whom electrification is not the obvious decarbonisation choice.



Carbon intensity index



We will increase co-processing at our current facilities. We already have a fatty acid methyl ether (FAME) production facility and we are going to commission two new biofuel facilities.



Offset of the emissions from our products 'in use' by offering our customers a range of carbon-neutral products. In 2022, we completed our maiden launch by offsetting the emissions associated with end customer use of C petrol.



Reduction of the carbon intensity of the energy we sell will be spurred by the levers underpinning the direct emissions reduction target under our Decarbonisation Plan and Positive Motion strategy.



Renewable hydrogen for direct sale to third parties or for conversion into new green molecules in sustainable energy products such as methanol and ammonium to enable energy transition in other sectors, such as shipping.



Creation of a network of ultra-rapid EV chargers in Spain and Portugal.



Other emission-abatement initiatives.

1.3.6.1 Innovation, enabling transformation



3.1.2.2 Scenario analysis

We have defined three climate scenarios for the purposes of testing the resilience of our Positive Motion strategy and climate ambitions over three time different horizons (2030, 2040 and 2050) based on the guidance provided by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC):

• Scenario 1

Source: Net Zero Emissions in 2050 (NZE-IEA), SSP1-1.9 (IPCC).

This scenario assumes that the global energy sector is net zero by 2050, with several developed economies attaining that milestone sooner than contemplated. It is aligned with the mission of keeping global warming at under 1.5°C. It would be achieved by means of the mass rollout of existing clean energy technologies, such as renewable sources of power generation, electric vehicles and energy-efficiency building makeovers.

• Scenario 2

Source: Sustainable Development Scenario in 2050 (SDS-IEA), SSP1-2.6 (IPCC).

This is a scenario of sustained socio-economic growth with a strong emphasis on jobs related with sustainability. It involves an energy system that follows best practices spurred by regulatory initiatives and frameworks developed to foster care for the environment. One of its pillars is delivery of the Paris Agreement, i.e., it assumes that the developed economies achieve zero net emissions in 2050, with China managing to do so in 2060. Developed economies would need to meet that milestone by 2070 at the latest. Under this scenario, global warming would amount to between 1.3°C and 2.4°C.

• Scenario 3

Source: Stated Policies Scenario in 2050 (STEPS-IEA), SSP2-4.5 (IPCC).

This is the most conservative scenario as it assumes that governments will not achieve all of the objectives announced. It assumes policies are put in place to reduce the use of fossil fuels but that demand remains strong, generating growth in fossil fuel prices and a decrease in renewable energy costs. In this scenario global warming would range between 2.1°C and 3.5°C.



FINANCIAL IMPACTS ASSOCIATED WITH CLIMATE CHANGE

Guided by our Positive Motion strategy and climate ambitions for 2050, we determined the financial impacts of the relevant risks assessed under the three climate scenarios for the three time horizons modelled: 2030, 2040 and 2050.

Our strategy is resilient to the three climate scenarios evaluated as it is aligned with the most ambitious scenario

modelled - global warming of 1.5°C - and therefore the lowest-impact scenario. Less ambitious climate scenarios would leave us in a less resilient position as the major investments planned in more sustainable business models would be affected by lower than expected demand for sustainable products.

3.1.3 Climate change: risk and opportunity management

The Climate Risk Map, consolidated in 2021 and updated in 2022, defines and classifies climate risks following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), so adopting the latter organisation's physical and transition risk taxonomy. We analysed the identified risks at the assets under our operational control for the three climate scenarios described above and the three time horizons contemplated: 2030, 2040 and 2050.

Those climate risks were identified and evaluated taking a bottom-up approach by means of workshops and with the assistance of an expert advisor. They were approved by each

2.4 Risk management

business unit and conveyed to the corporate risk area for consolidation in the company's general risk map.

Our Integrated Risk Management and Control System follows COSO-ERM methodology and ISO 31000, the benchmark standard for risk management systems.

Key risks identified

Business	Physical risks		Transition risks			
	Chronic risks	Acute risks	Policy and legal risk	Market risks	Technology risks	Reputation risk
Commercial & Clean Energies		Heatwaves Extreme winds Extreme precipitation Drought	Operating constraints New regulations	Increased cost of raw materials	Unsuccessful investments	
Mobility & New Commerce	Average precipitation			New competitors Changing customer behaviour	Technological obsolescence Unsuccessful investments	
Chemicals	Rising mean temperatures Rising sea levels Average precipitation	Heatwaves Extreme winds Extreme precipitation Cold spells Drought	Operating constraints New regulations	Increased cost of raw materials Changing customer behaviour	Technological obsolescence Unsuccessful investments	Increased stakeholder concern
Exploration & Production	Rising mean temperatures	Extreme winds	Operating constraints New regulations	Changing customer behaviour		
Energy Parks		Heatwaves Extreme winds Extreme precipitation Drought	Operating constraints New regulations Increase in cost of GHG emissions	Changing customer behaviour	Unsuccessful investments	
Trading		Extreme winds	Operating constraints New regulations	Increased cost of raw materials		
Corporate				Financing difficulties		Stigmatisation the sector Increased stakeholder concern

We also identified the opportunities associated with climate change as a result of efficiency in production and distribution processes, the development and expansion of low-emissions products and services and the advent of new products,

such as eco-fuels and sustainable fuels and services and products pinpointed through our R&D effort around the energy transition. Those opportunities have been layered into our 2030 Positive Motion strategy.

Key opportunities identified

	Energy source	Products and services	Markets	Resource efficiency	Resilience
Commercial & Clean Energies	Use of lower-emission sources of energy	Development of low emission goods and services	Use of supportive policy incentives		
Mobility & New Commerce		Development of low emission goods and services	Use of supportive policy incentives		
Chemicals	Use of lower-emission sources of energy	Development of low emission goods and services Shift in consumer preferences	Access to new markets Use of supportive policy incentives		
Exploration & Production	Participation in carbon market			Reduced water usage and consumption	
Energy Parks	Use of lower-emission sources of energy	Development of low emission goods and services			
Trading	Participation in carbon market	Development of low emission goods and services Shift in consumer	Access to new markets Use of supportive policy incentives		

We also have additional mechanisms for establishing and monitoring climate risk and opportunity management targets, including:



Continuous monitoring of regulatory developments and participation in sector associations at the national and European levels.



Assessment of alternatives to fossil fuel technologies and raw materials in order to offer customers more sustainable products.



Supplier surveys addressing climate change framed by our commitment to boosting supply chain transparency and sustainability.



Tracking of the metrics used by the emissions allowance trading scheme related with emission trends and financial impacts.



Constant monitoring of technological developments with an eye to identifying new opportunities and risk mitigation measures.



3.1.4 Key climate change metrics

We have established metrics to track our climate change management and risks. The metrics related with the targets in our Positive Motion strategy are Scope 1 and Scope 2 GHG emissions at assets under operating control and the carbon intensity ratio, which includes the emissions in our value chain associated with the use of the energy products we sell.

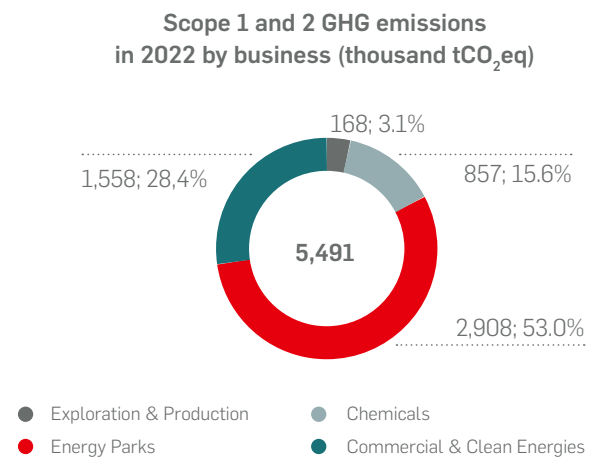
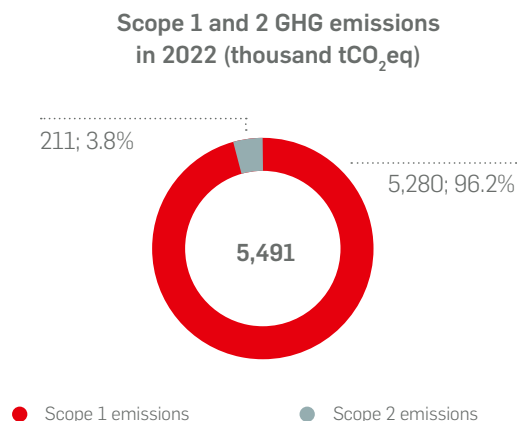
We are also layering financial parameters, such as the EU Taxonomy and other internal criteria, into our systems and processes in order to assess how our business is evolving towards more sustainable models.

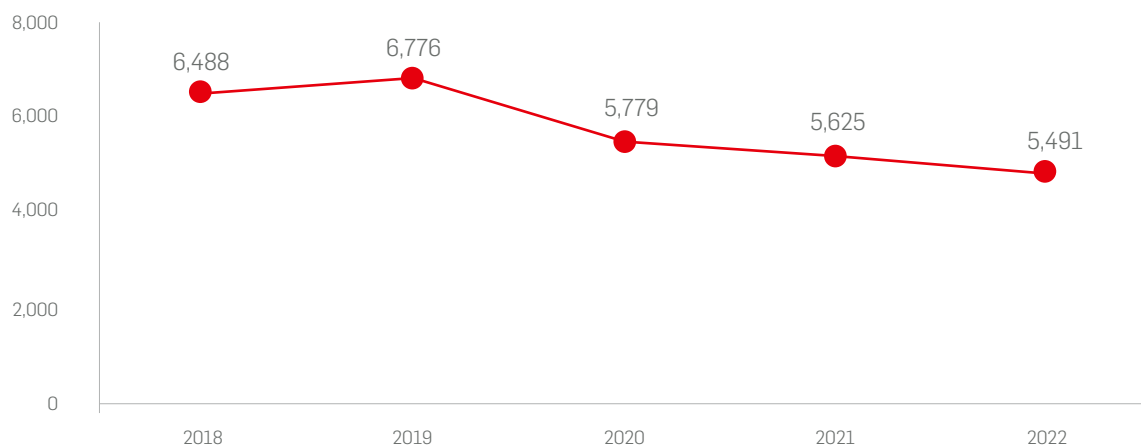
SCOPE 1 AND 2 EMISSIONS

Every year we certify our carbon footprint under ISO 14064. That measurement covers our facilities in Spain and the Exploration & Production assets under operating control. The asphalts business was added to the scope of certification in 2022. We also separated the certificates for the Chemicals business from the rest of the organisation, which encompasses the Energy Parks, Commercial & Clean Energies and Mobility & New Commerce businesses.

In line with the scope of our ISO certification, we are now reporting these metrics for the asphalt plants and the biofuels production plant in San Roque.

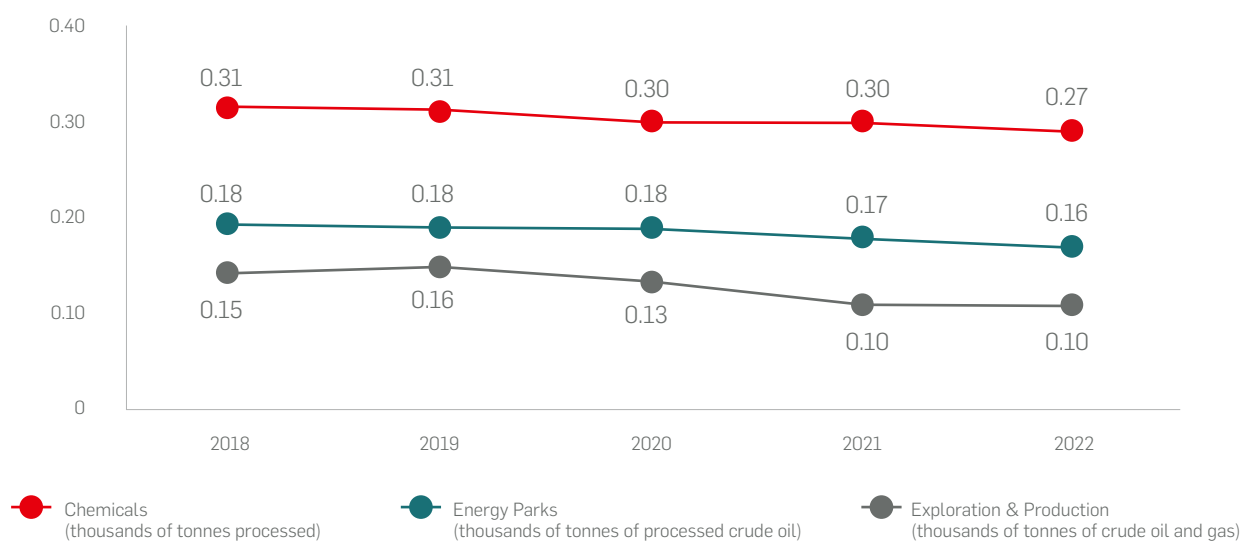
Over 90% of our Scope 1 and 2 emissions are under regulated carbon systems, which, coupled with ISO 14064 certification, means our measurements are reliable, traceable and offer a high level of assurance.



Trend in Scope 1 and 2 GHG emissions between 2018 and 2022 (thousand tCO₂eq)

In 2022, Scope 1 and 2 greenhouse gas emissions totalled 5,491 thousand metric tonnes of CO₂eq, down 2% from 2021 and 15% from 2019 levels. The figures include the contribution of the renewable power consumed by the energy parks, thanks to which the Scope 2 emissions derived from the purchase of energy from third parties were zero. That marks a real milestone in the operation of our assets as, together with the Chemicals business in Spain, 100% of the electricity purchased from third parties is generated from renewable sources, making our operations more sustainable.

A higher contribution by renewable sources to the national generation mix in China also implied lower-carbon energy consumption in that market. The energy landscape in 2022 as a result of the war in Ukraine resulted in intermittent and curtailed activity in the Renewables, Gas & Power business, driving a 6% reduction in business volumes and the attendant impact on emissions.

Trend in emissions intensity by business between 2018 and 2022 (CO₂eq)

Our operations' emissions intensity improved slightly thanks to optimisation and efficiency gains, the consumption of

renewable power by our facilities in Spain and the lower carbon intensity of the energy purchased in Shanghai.

CARBON INTENSITY INDEX

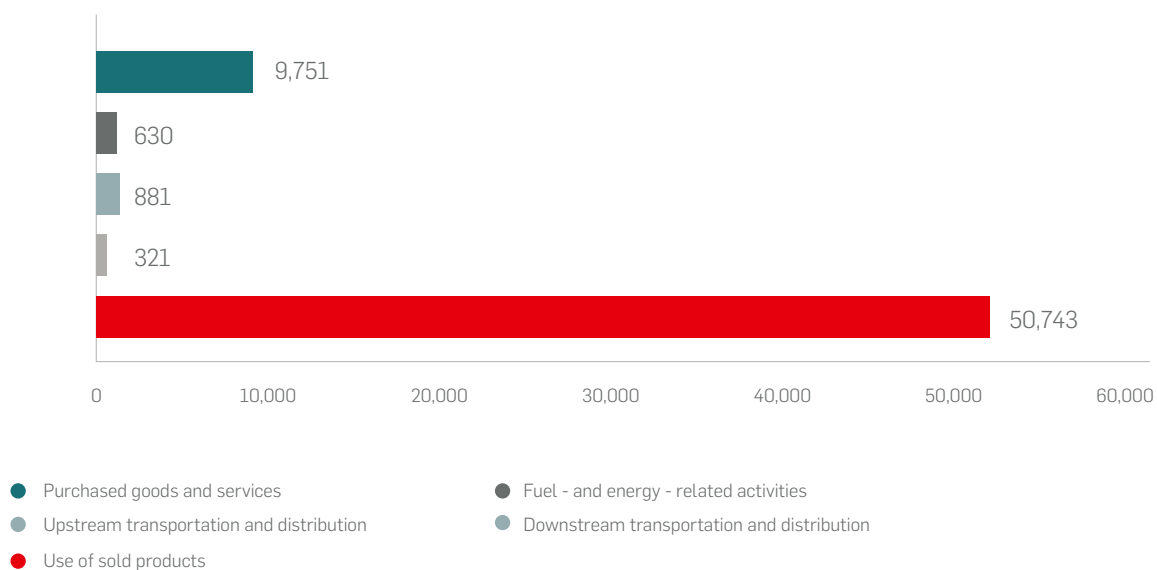
We use the Transition Pathway Initiative methodology to track the carbon intensity of the energy we sell our customers, expressed as units of CO₂ per unit of energy. It is likewise aligned with the measure used by the International Energy Agency (IEA) to track decarbonisation progress in the oil & gas sector (Tracking Clean Energy Progress or TCEP).

The intensity metric¹ includes emissions derived from both our upstream and downstream emissions, including those associated with our energy products and their use by our customers, considering all of the energy supplied, as well as the electricity generated and distributed.

In 2022, our carbon intensity was around 76 tonnes of CO₂/TJ of energy sold². Although that reading was flat by comparison with the related benchmark, the emissions component of the ratio declined by close to 10%. In 2022, we increased our capacity to process renewable raw materials by co-processing used cooking oil (UCO) at our energy parks and fully adapting one of our hydrotreaters for processing renewable raw materials.

VALUE CHAIN EMISSIONS

Scope 3 GHG emissions in 2022 by category (thousand tCO₂eq)



In 2022, Scope 3 emissions were equivalent to 62 million metric tonnes of CO₂eq, which is 7% higher than in 2021. That growth arose in the 'Use of products' category, as demand increased on the back of renewed mobility in the wake of the business shutdowns and restrictions derived from the pandemic.

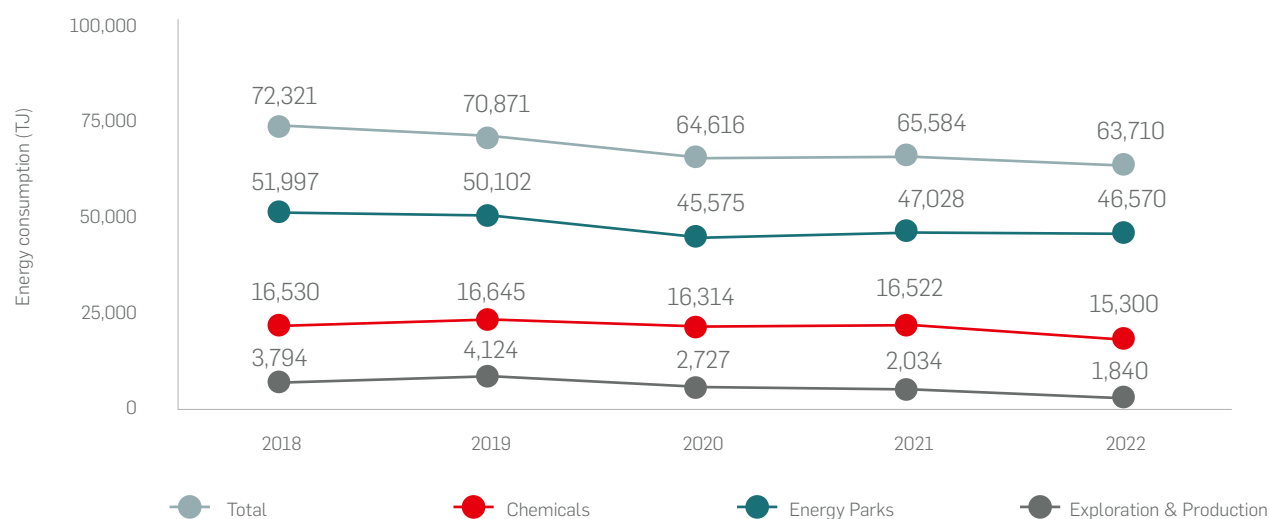
The chart shows the five most significant Scope 3 categories, which account for over 95% of all Scope 3 emissions certified by the company under ISO 14064.

¹ The reduction in carbon emissions targeted in our Strategic Motion strategy is based on a slightly different emissions scope to that provided in this report. That is because the Strategic Motion target is limited to CO₂ emissions and excludes CH₄ emissions at the Energy Parks and Commercial & Clean Energies business due to materiality considerations. However, those emissions are indirectly addressed and tackled in the decarbonisation plan measures. Lastly, the asphalt business and the bioenergy plant in San Roque is not included in the materiality scope.

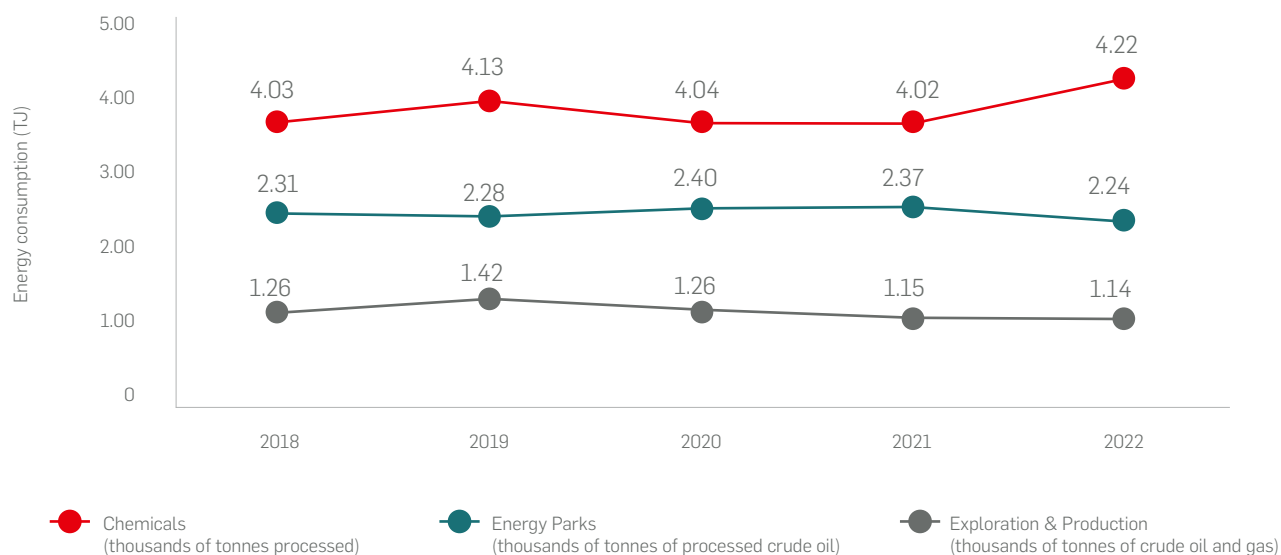
² This figure does not reflect the audited emissions or energy values as at the reporting date. Verification of this figure is scheduled as part of the ISO 14064 certification cycle for 2023.

ENERGY CONSUMPTION AND EFFICIENCY

Trend in energy consumption and breakdown by business between 2018 and 2022 (TJ)



Trend in energy consumption intensity by business, between 2018 and 2022 (TJ/thousand tonnes)



Our operations consumed 63,710 TJ of energy in 2022, down 3% from 2021, in line with the downtrend in emissions.

The energy intensity metrics reveal stability. However, it is worth highlighting the slight improvement in the intensity reading for the energy parks in 2022, evidence of the

ongoing effort to rationalise their use of energy and optimise operations. The increase in intensity in the Chemicals business is attributable to the decrease in business volumes during the last quarter shaped by the energy crisis, affecting the chemicals plants' optimisation.







3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT



GRI: 2-2, 303-1, 303-2, 303-3, 304-5, 305-5, 305-7, 306-1, 306-2 / SASB EM-EP-160a1

2022 MILESTONES



We set ourselves the goal of cutting our withdrawal of freshwater from water-stressed areas by 20% in 2025 by comparison with 2019 levels.



We expanded the scope of our ISO and ISCC certifications.

ISO 9001, 14001 and 45001 certification of our Exploration & Production asset in Peru; ISCC (International Sustainability Carbon Certification) certification of our chemical plants in Deten (Brazil), Shanghai (China) and Becancour (Canada) and ISO 50001 certification in Deten (Brazil).



We obtained SANDACH authorisation for waste recovery.

By co-processing used cooking oil and animal fats we are able to generate second-generation biofuels.

Key indicators	2022	2021
Water withdrawn (million m ³)	33.1	33.4
Freshwater withdrawn from water-stressed regions (million m ³)	14.4	15.5
Raw materials consumed (million tonnes)	24.1	23.6
Renewable raw materials (%)	2%	2%
Waste managed (thousand tonnes)	62.8	56.9
Waste recovered (%)	62%	64%
Habitats protected or restored (m ²)	555,900	554,700
Environmental capital expenditure (€ thousand)	100,952	43,844

3.2.1 Managerial excellence

Our [HSEQ Policy](#) is designed to ensure environmental protection throughout our business activities. It addresses what we consume and how we impact the air, climate, sea, land, ground water, noise levels and biodiversity. It also provides the foundation for implementing our Environmental Management System across our organisation, framed by the main applicable standards.

Our Environmental Management System is audited and reviewed annually by an independent third party. In addition, 84% of our facilities are ISO 14001 certified¹. That framework allows us to comply, in a transparent manner, with applicable legislation and reduce the environmental impact of our activities, facilities, products and services, while meeting our stakeholders' expectations. We have reinforced that system with ISO 50001 certification (energy consumption management and energy efficiency) at our Energy Parks in Spain (Gibraltar San Roque, La Rábida and Tenerife) and at our chemicals facilities in Palos de la Frontera and Puente Mayorga (Spain) and Deten (Brazil), as well as at our Research Centre.

Certificate Search on the corporate website



Environmental Declarations on the corporate website



We also prepare and publish annual environmental declarations for our main facilities in Spain, which are validated externally along with their environmental management systems under EMAS (eco-management and audit scheme) requirements.



Teams of technicians at each business unit control and manage all of their environmental aspects, ensure compliance with regulatory requirements and minimise their impacts. At the corporate level there is another team of experts specialised in each key environmental aspect who support the various business units.

We apply the precautionary approach established in the Rio Declaration on the Environment to our activities by means of the following actions:

- Risk identification, assessment and minimisation.
- Audit schedule.
- Environmental impact assessments (EIA).
- Due diligence in procurement processes and the acquisition of industrial plants.
- Safety files for all our products.
- Impact management, e.g., in the marine environment, where we are very active, devising prevention-focused plans, protocols and simulations focused on damage prevention.

Appendix 3.5.1 Environmental management and
Appendix 3.5.2 Environmental investments



¹ Single certification for our facilities in Spain and Portugal. The facilities in Colombia, Deten, Bécancour and Peru, albeit not included in the scope of the single certificate, have likewise passed the external SGA audits (ISO 14001).

3.2.2 Responsible water consumption

Water is essential for all living things and for conserving our ecosystems. It is also vital for carrying on our business activities. We therefore foster responsible use of water by

means of initiatives designed to save water, reuse as much as possible, search for new sources and reduce the impact of our wastewater.



One of the specific targets set down in our Positive Motion strategy is to reduce our withdrawal of freshwater in water-stressed regions by 25% in 2025 by comparison with 2019.

In a document titled [Position and Strategy on the Use of Water and the Treatment of Wastewater](#), we address the availability of and access to fresh water as a human right, outlining our dependence on water and our water management strategy for reducing our footprint.

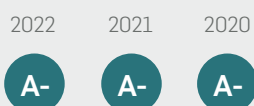
We have set up a Water Board, a cross-cutting, company-wide work space in which our business units

participate. Its mission is to identify and assess initiatives and strategies for continuing to rationalise our water consumption and improve its management. The work performed by that team was instrumental in setting the freshwater reduction target.

CDP WATER



We have been participating in this water management performance assessment initiative since 2017.



We have etched out a path of continuous improvement. Since 2020, we have ranked in the leadership group with a score of A-, a category achieved by just 8% of all Oil & Gas companies. Despite the progress made, we are committed to stepping up our commitment to safeguarding water bodies.

For further information, visit the CDP website

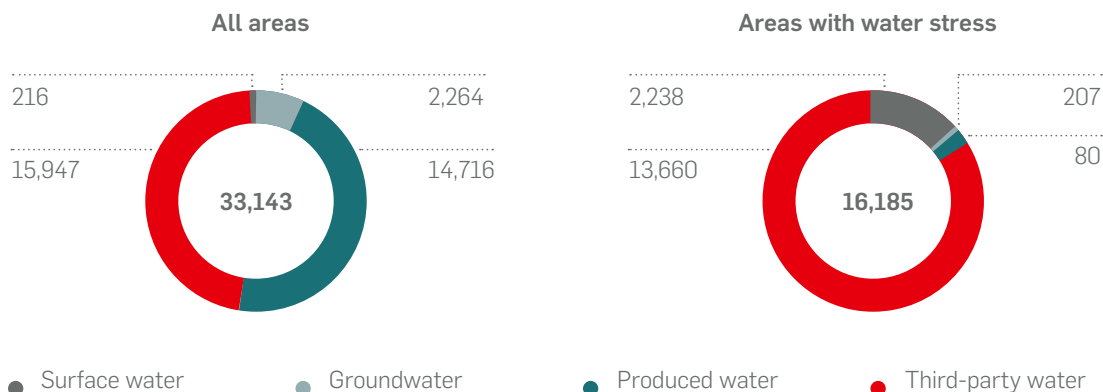


We implement technical improvements in order to layer water savings, reuse and recycling initiatives into our production processes. Before designing a new project or expanding our facilities we study how to use water responsibly, deploying

measures for boosting efficiency, maximising the reuse of processing waters, filtering water for recycling and treating water that cannot be reused to make it suitable for reinjection.



Water withdrawal by source (thousand m³)



EXAMPLES OF WATER CONSUMPTION REDUCTION AND REUSE PROJECTS



ENERGY PARKS - SAN ROQUE (SPAIN):

Water reuse: installation of ultrafiltering and reverse osmosis modules which will reduce the volume of water sent to wastewater treatment plants by 20%.



CHEMICALS - PALOS DE LA FRONTERA (SPAIN):

Improvements at the effluent treatment plant: better wastewater quality by reducing the levels of suspended solids.



EXPLORATION & PRODUCTION - BMS (ALGERIA):

A new treatment facility for household wastewater from base camps whose quality makes it apt for watering gardens.

In order to go further, it is essential to understand our risk and impacts on water resources and our performance and progress.

We assess our water risks annually using WWF's Water Risk Filter¹. That tool performs both basin and operational water risk assessments, in both instances divided into three major risk categories (physical, reputational and regulatory).

We round out that analysis with environmental impact assessments (EIA), which outline a project's impacts during

each phase, identifying mitigation measures and action plans for implementation; the Environmental Management System, which defines the methodology for identifying and assessing the environmental aspects common to all facilities; and regular reports certifying the absence of any impact on the receiving environment.

In addition to the corporate target, there are local targets for each facility. Control over their delivery via the associated indicators allows us to track whether we are performing in line with expectations.

¹ None of Cepsa's facilities ranked as high-risk in the last assessment. However, three were rated as medium-risk, specifically the La Rábida and Gibraltar-San Roque refineries and the Algerian Exploration & Production asset, BMS. As a result, the company applied its internal risk assessment methodology to analyse basin risks over a 10-year horizon. That analysis did not identify any substantive impact risks. However, controls and mitigation measures have been defined for each of the risks and events evaluated. That assessment will be extended to the rest of the facilities evaluated using the WRF tool.



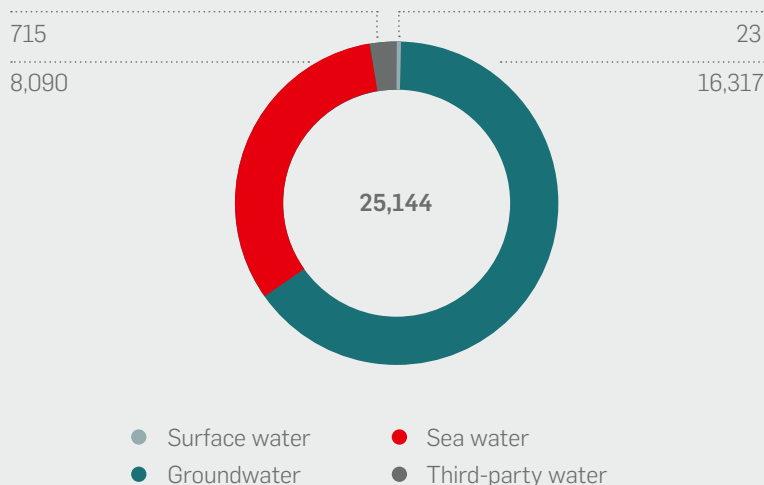
In 2022 we reached a pioneering agreement with Arcgisa for the reuse of urban wastewater, specifically for its full reuse at the San Roque Energy Park and in the upcoming development of the Andalusia Green Hydrogen Valley.

WASTEWATER MANAGEMENT

The mantras of our wastewater management effort are prevention and reduction of source contamination. We deploy best available techniques to guarantee that our facilities comply with the limits stipulated in our permits and respects the natural surroundings. The controls we perform are defined by our plants' environmental permits, our regulatory compliance effort and the guidelines set by the corporate environmental protection unit.

We have wastewater control plans at the facility level. We control wastewater volumes by means of direct metering whenever possible and wastewater quality by means of regular plant-by-plant sampling. In parallel, in Spain, specialist environmental firms certified by the competent authorities supervise the receiving environment (where we discharge our treated effluents) periodically, certifying compliance with targeted quality standards, or any deviations identified.

Wastewater discharge by type of destination (thousand m³)



Appendix 3.5.3 Responsible water consumption 



3.2.3 Biodiversity protection

Our [Biodiversity Policy](#) fosters regular identification and assessment of the key impacts our activities have on our habitat.

We apply the mitigation hierarchy principle (avoid, minimise, restore and offset) at our productive facilities, whether located in biodiversity-stressed regions or adjacent areas.



We have pledged to abstain from exploration or production activities in UNESCO World Heritage proper.

We carry out activities to raise awareness among our professionals, suppliers and other stakeholders about the importance of protecting and conserving nature.

We also help the scientific community by studying the species and ecosystems close to our main productive facilities.

Collaboration with third parties is an important part of that effort. We work with public authorities, NGOs, local communities, experts and other stakeholders, factoring in their needs and expectations, to improve biodiversity.



ECOSYSTEM PRESERVATION OR RESTORATION MEASURES

We work to identify and measure our footprint. To identify areas of bird and other biodiversity conservation in Spain, we use a bird sensitivity mapping tool developed by Birdlife International which geolocates the species present in Important Bird Areas (IBAs) located less than 5km from our facilities.

That information allows us to design and implement local Biodiversity Action Plans for the recovery of biodiversity and eliminate potential impacts.

Cepsa's biodiversity pledge also involves working in conjunction with its Foundation on, for example, regeneration work at Laguna Primera de Palos by drying it out to eliminate exotic invasive species and participation in the SOS Caretta project for the conservation and rescue of sea turtles.

Appendix 3.5.4 Biodiversity protection



For further information, visit biodiversity on the corporate website



3.2.4 Making the business more circular

One of the ideas underpinning our Positive Motion strategy is to provide society with more sustainable products, articulated around the circularity concept.

Circular economy commitments



Increasing the circularity of our waste flows by 50% by 2030 vs 2019.



Increasing the share of renewable and circular raw materials used at our energy parks to 15% by 2030 vs 2019.



Basing 100% of our new production of renewable diesel and biojet molecules on second-generation raw by 2030 vs 2019.



Replacing the fossil fuel sources in the chemical products we sell by introducing renewable and recycled materials.

We continue to step up our efforts to minimise our raw material consumption and contribute to a circular economy. We are steadfastly committed to increasing our relative use of raw materials that are renewable or circular, while reducing the waste we generate, as set down in our [Sustainability Policy](#).

Inspired by our Positive Motion strategy, we have pledged to use new renewable and circular raw materials in order to provide low-carbon fuels. A good example is our Sustainable Aviation Fuel (SAF) initiative which requires the use of renewable and circular inputs.

We are striving to address some of the waste we generate via on-site recovery and adapt our facilities to be able to process recycled raw materials.

Our HSEQ Policy commits us to making efficient use of finite resources, maintaining the value of our products and materials in the economy for as long as possible and minimising waste generation.

Our [Position and Strategy on Waste](#) seeks to apply the waste hierarchy principle by rationalising the use of raw materials, reusing them in processes and recycling and recovering the waste generated.

Our production and consumption model is based on leveraging energy and process waste flows to reduce the generation of waste and streamline the consumption of natural resources.

Last year we reinforced our circular economy commitment by creating the Circular Economy Board, a company-wide taskforce tasked with identifying and implementing circular alternatives for the waste we produce and raw materials we consume.

We are a signatory of Spain's Circular Economy Pact along with other associations, organisations and businesses, so pledging to drive the transition thrust by means of specific measures and effective communication actions.



INTEGRATED ENVIRONMENTAL PERMIT AND SANDACH PERMIT IN LA RÁBIDA



Our energy park in La Rábida has obtained an Integrated Environmental Permit and the Sandach Permit for the onsite recovery of animal-based subproducts not apt for human consumption (used cooking oils and animal fats).

Those certificates will reduce the use of conventional raw materials and enable the manufacture of sustainable fuels. Above all, however, these two accolades mark a step forward in our circular economy effort by giving a second life to certain types of waste.

WASTE HIERARCHY: PRIORITISING PREVENTION

We are working to improve our management by following the waste hierarchy as closely as possible.

Prevention is therefore our top priority: we separate and sort the various kinds of waste and undertake a series of initiatives to reduce its quantity and toxicity.



Thanks to different sorting techniques we are able to separate items from some of our waste for reintroduction into our productive processes.

Reuse is another important concept. For example, when selecting catalysts we prioritise those that can be regenerated more times and, at the end of their useful lives, send them to authorised handlers for parts recycling.

Recycling is also a core aspect of our management effort; we use authorised waste handlers to remove the parts that can be used to make new products.

Lastly, waste with no scope for reuse gets sent to authorised deposits specific to each class of waste.

We also draw up waste minimisation plans designed to gradually reduce generation.

WASTE GENERATION REDUCTION PROJECTS



ENERGY PARKS

- Reuse of the spent FCC catalyst.
- Increased volume of catalysts sent for metal recycling.
- Waste sorting improvement project.



CHEMICALS

- Recovery of the HDA-II unit's catalyst.
- Fine-tuning of the phenol recovery unit (PRU) to reduce its consumption of sulphuric acid and caustic soda.



COMMERCIAL & CLEAN ENERGIES

- Reusable cloth pilot test. Hazardous waste sent to landfill cut by 1,000kg/year by extending the useful life of 570 cloths to up to two years.



COLLABORATION WITH THIRD PARTIES

At Cepsa we have agreements with authorised handlers covering the correct external processing of the various kinds of waste generated across our facilities.

We demand and verify compliance with applicable legal requirements throughout the entire process by means of document traceability and the use of recovery/elimination

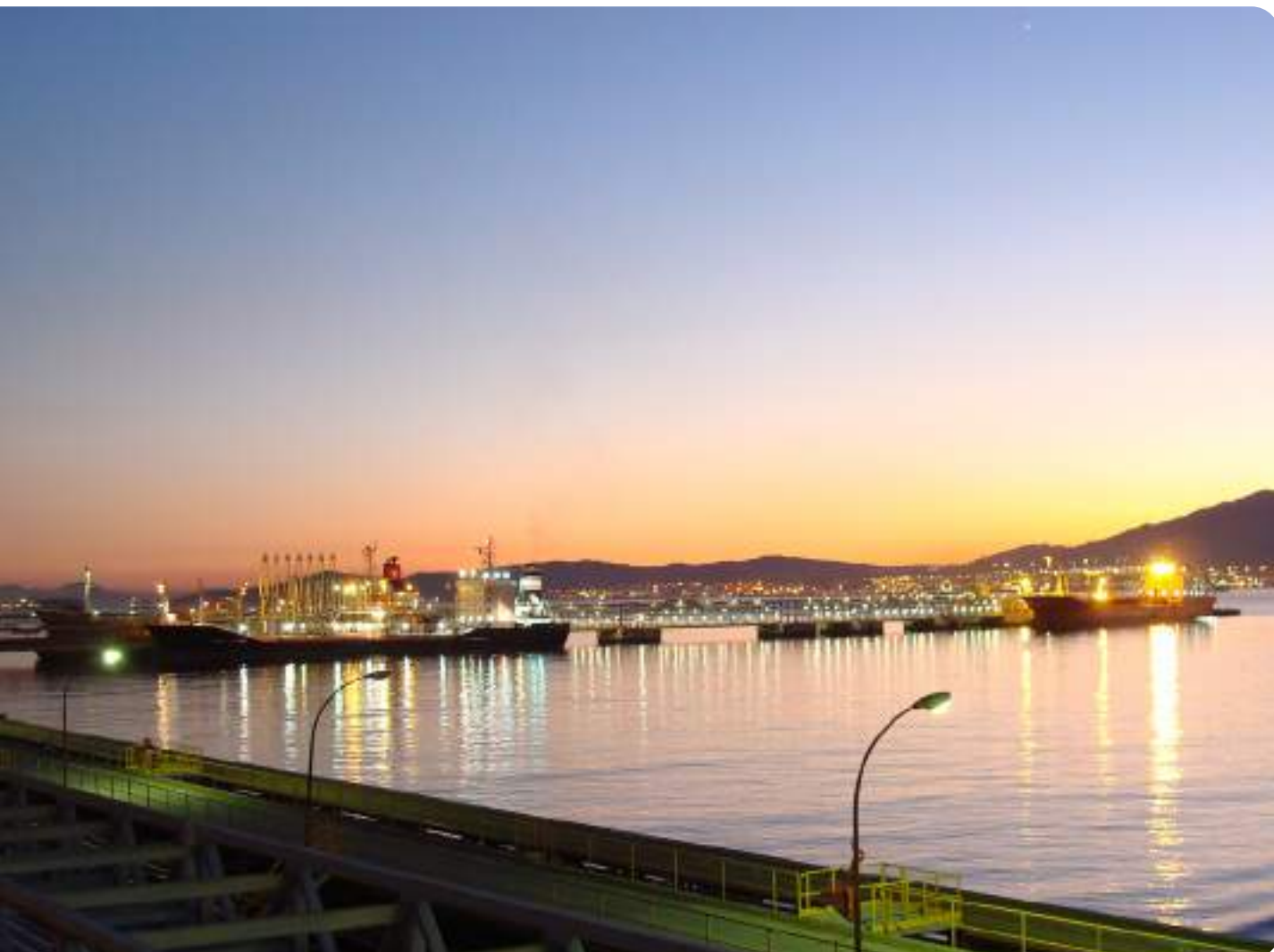
certificates to be delivered by the handler to Cepsa.

We are also a waste handler, which allows us to recover some of the waste generated by us and by third parties; we recycle that waste into raw materials for processes in other businesses and industries.



Under the scope of the agreement reached with Arcgisa in 2022 for the reuse of urban wastewater, we will back R&D initiatives to research the recovery and recycling of the solid urban waste managed by Arcgisa at its southern European complex.

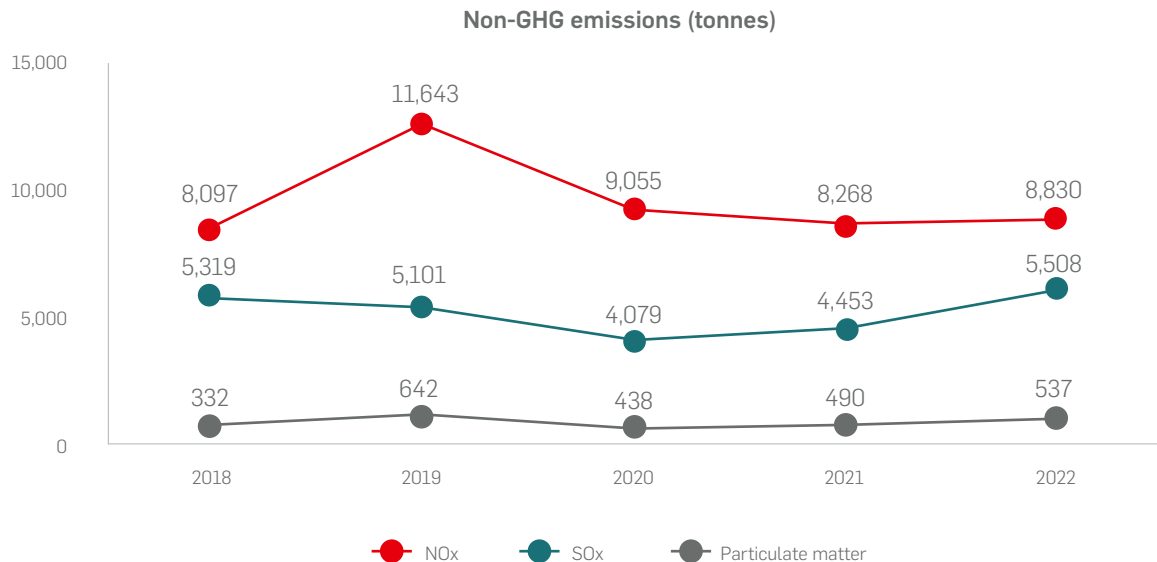
Appendix 3.5.5 Making the business more circular



3.2.5 Continuous control of our air emissions

We seek to prevent or at least minimise our non-greenhouse gas emissions, particularly SO₂, NO_x and particles. To meet that target we have a protocol articulated around continuous emissions controls.

Thanks to that monitoring effort, auto-control mechanisms and the external measures implemented with the help of an authorised environmental quality provider, we understand our main emissions in minute detail.



All emissions have been trending lower in recent years. In 2022, the readings registered a slight increase by comparison with the levels reported in 2021 and 2019 (the 2020 figures are not comparable due to the impact of the pandemic-related restrictions on operations), due mainly to the shift in the mix of energy used derived from the Russia-Ukraine conflict.

All those emissions have been trending lower thanks to improved combustion processes, the use of cleaner technology and the implementation of abatement systems. Framed by

our commitment to continuous improvement, a series of investments have been undertaken in recent years and new initiatives are in the pipeline.

The measures implemented to cut emissions notably include the Leak Detection And Repair (LDAR) Programme for the management of VOC emissions and improvements made to combustion processes to encourage the use of cleaner technology and implement systems that have led to a reduction in VOC, methanol, CO and NO_x emissions.

PROJECTS FOR REDUCING NON-GHG EMISSIONS



ENERGY PARKS

- Project for the recovery of VOCs in the cistern loading yard (in progress).



CHEMICALS

- Installation and commissioning of two RTOs to reduce VOC emissions.



3.3 READY FOR WORKPLACE CHANGE



GRI 3-3, 2-20, 2-30, 402-1, 403-3, 403-4, 403-5, 404-2, 407-1

2022 MILESTONES



Redefinition of the company's values and leadership model.

Based on our Positive Motion strategy, we redefined our values and our leadership model, with the help of over 3,000 employees.



New learning and development model.

We built a continuous learning culture to drive upskilling and reskilling.



Updated Equality Plans and Protocol against Gender-based Harassment.

Key indicators	2022	2021
Employees (n ^o)	10,310	9,820
Female (%)	38.0%	37.2%
Male (%)	62.0%	62.8%
Women in management positions (%)	26.7%	25.4%
Employees with permanent employment contracts (%)	91%	90%
Hours of training per employee (n ^o hours/employee)	40	37
Employees covered by collective bargaining agreements (%)	87%	87%

Appendix 3.6.1 Workforce overview



3.3.1 Talent with purpose

We offer quality, sustainable, and exciting work. Our efforts are geared toward taking care of our people, helping them develop and maximising their engagement with and contribution to our Positive Motion strategy. We have embarked on a cultural transformation.

We have begun devising a new leadership model underpinned by our new values. The model outlines the behaviour and practices expected of all team managers. With it we can lay down the day-to-day strategy for everyone at Cepsa.

We boast an attractive employer brand, not to mention a unique and distinctive value proposition that is tailored to the company's existing diversity. Our Employer Branding strategy is people-centric. We try to attract and retain the best professionals by leveraging our position as an established and growing company that aims to lead the energy transition and is capable, not only of offering high quality employment, but also opportunities to develop through internal mobility, international exposure and career advancement.

Our integrated talent management model, built on respect and inclusion, comprises a variety of programmes, such as:



Talent Call: programmes to help students, recent university graduates and vocational training graduates start their career at a place where they can learn and improve each day.



Internal mobility: commitment to internal talent to move forward with our Positive Motion strategy. We harness the potential of our people so they can rise to new challenges and further their careers.



Talent in Motion: knowledge management plan.



Unleash Your Energy: programme to promote Cepsa's leadership style.

CHALLENGING U



Challenging U is a Talent Call programme offering permanent employment and training to recent graduates. In 2022, we promoted the hiring of women and people with disabilities. Indeed, 70% of new hires were women and 4% were people with a disability.



HOW TO ADD TALENT: JOB FLEXIBILITY AND WORK-LIFE BALANCE

We want all our people to contribute their talent, no matter what their personal situation and needs are. We have a programme designed to facilitate work-life balance based on the Fundación Másfamilia foundation's EFR (which stands for family-friendly company) model. Through this programme, considered good practice in work-life balance by the UN, we are fostering a new culture based on flexibility, respect, trust and mutual commitment.

We have drawn up 30 guidelines with work-life balance measures tailored to each job market. These include flexi-

time, teleworking, part-time work, childcare measures (e.g. childcare vouchers or remote working), breastfeeding facilities (e.g. building up leave or specific breastfeeding areas), paid leave to care for family members in addition to parental leave.

We also recognise our people's right to digitally disconnect when they are on break, on leave or on holiday and respect for private and family life. To do so, we intend to draw up a specific policy.

STEERING CAREER DEVELOPMENT

Through our integrated evaluation model, we monitor our employees' skills continuously. This model is designed to enhance performance through:

- **MIDE system:** a tool for measuring individual performance against objectives, which also include values and expected professional behaviours.
- **Skills assessment:** the assessment of specific behaviours in relation to our values and leadership model through our performance appraisal systems and multi-source assessments of company leaders.

- **Talent committees:** designed to identify potential and specify development commitments so our team is prepared to tackle the company's current and future challenges. They target department heads and senior technicians.
- **Succession plans:** these pinpoint critical positions, assign successors for those positions and draw up career plans to facilitate the transition to a new position.

CERTIFICATIONS



TOP
EMPLOYER

efr

EFR
(Spanish acronym for family-friendly company)



Appendix 3.6.2 Talent with purpose



3.3.2 A diverse and inclusive workplace



Our target is to have 30% women in leadership positions and 3%¹ of employees with disabilities by 2050.

By redefining our leadership model, articulated around our values, especially “We care about people”, we want to have inclusive leaders.

We have rolled out a corporate-wide strategy comprising 30 annual initiatives to strengthen women's role within the organisation and promote their recruitment.

So that people with disabilities can do their jobs, we are firmly committed to adapting our workplaces and making our

facilities accessible. We have also taken certain measures to promote hiring of people with different skills by posting job offers in specific talent portals. Care plans are also in place for families of workers who have children with different abilities to promote their socio-economic and labour market integration.

AWARDS FOR DIVERSITY AND INCLUSION



Financial Times
Diversity Leaders



Diversity Leading
Company Seal

Diversity
Leading Company



**Empowering
Women's talent**
by Capgemini Finance

Empowering Women's
Talent Seal



Top40Company
INTRAMA's VariableD2023
report

Our [Diversity and Inclusion Policy](#) is a testament to our firm commitment to equal opportunities, non-discrimination, diversity and inclusion. Respect for principles of diversity and inclusion is enshrined in our [Code of Ethics and Conduct](#) and our [Human Resources Policy](#). We are also committed to promoting a workplace that respects the dignity of people to prevent all forms and manifestations of harassment, intimidation, or violence.

Our Diversity and Inclusion Committee promotes diversity and champions an inclusive culture across the company, ensuring an enterprise and cross-cutting approach to challenges and opportunities, singling out best practices and tracking the progress of projects undertaken to help us deliver our objectives.

¹ Between in-house staff and external partners.

DIVERSITY NETWORKS



We furthered our commitment to diversity by strengthening our employee diversity networks:

- **Anexa** promotes awareness and equal opportunities for men and women.
- **Equal** was set up with a mission to promote LGBTI inclusion and drive change by raising awareness about gender identity and sexual orientation.
- **Capaz** aims to be the voice for disability, helping to create an inclusive environment by carrying out awareness initiatives and driving, proposing, sharing and promoting support and cooperation.

We made progress in promoting diversity in 2022, becoming a signatory of several UN initiatives:

- WEP (Women's Empowerment Principles).
- III Target Gender Equality.
- Standards of conduct for promoting LGTBI+ inclusion.

We provide training, celebrate key dates, and conduct awareness campaigns to reinforce a culture of diversity and inclusion (D&I) across the company.



MAIN D&I PARTNERSHIPS



Inspiring Girls: a volunteer programme for giving talks and sharing career paths with young people and inspiring them with the experiences of women in STEM (science, technology, engineering and math) fields.

AEMENER (the Spanish Association of Women for Energy): an initiative to boost the proportion of women in all areas of the company.

STEAM - Girls in Science: a partnership with the Ministry of Education to promote STEAM fields among young girls and boys.

Empowering Women's Talent: a programme spearheaded by Teams & Talent designed to promote equality and diversity.

Adecco Foundation: through the Aflora Plan, we provide staff in Spain advice on the social and tax advantages of having a disability certificate and help them with the related paperwork.

REDI (Spanish Corporate Network for Diversity and LGBTI inclusion): an association that works to foster inclusion, irrespective of gender identity, gender expression and sexual orientation.

Disjob: membership of the external employee portal for integrating people with different abilities.

The Diversity Charter: extension to 2023 as signatory of the charter to promote equality and inclusion.

3.3.3 Learning culture

We have put in place a new learning model. To help the company deliver its strategic objectives, our people need superior technical and leadership skills so that they can overcome the continuous challenges posed by technical

and environmental developments. We promote the continuous learning and skills development of our people to achieve upskilling and reskilling.

LEARNING DAYS AND LEARN ABOUT



We have created spaces and allocated resources for upskilling and reskilling. Every third Friday of the month, we hold Learning Day, providing all our employees three hours for training and development. Each event boasted over 1,000 participants and nearly 4,000 interactions. Meanwhile, each month our employees receive a tentative schedule of different in-person and virtual or e-learning activities.

In line with this goal, a series of programmes have been created as part of the Learn About initiative to address a variety of topics; e.g., digital skills, ESG, new renewable energy sources, diversity, inclusion.

Our training management model is based on matching the required expertise and skills with each job, underpinned by training activities planned by the business units and the programmes spearheaded by the Learning Office. The model is 70% hands-on practice and experience, 20% tutoring and 10% training, to help us put in place and guide reskilling processes.

In 2002, we completed the Unleash Your Energy leadership training cycle. More than 1,200 department heads and middle

managers in Spain and Portugal took part in the programme, learning skills that included communication, work-life balance, and resilience.

We also offered all employees access to the LinkedIn Learning training catalogue, so they could find new courses to enhance their employability and acquire new skills through self-learning. More than 1,400 employees used the platform and were over 4,000 course content and 17,500 video views.



During the year, we conducted specific development programmes for certain groups:

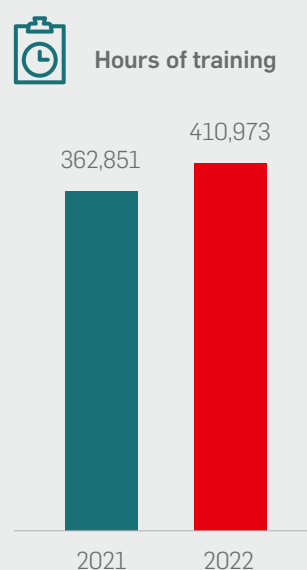
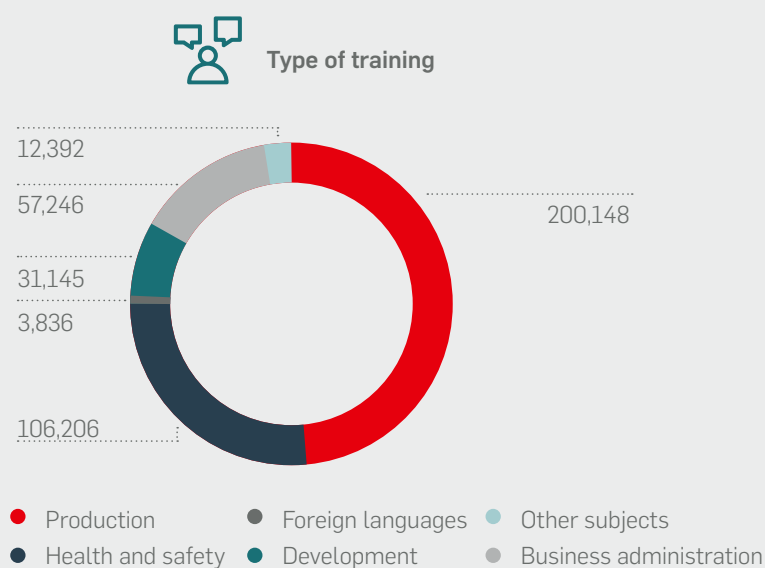
- **Coaching and mentoring:** for high-potential managers and department heads to support and drive their careers with the help of coaches or mentors.
- **Programmes at business schools:** training programmes at business schools (e.g., Headspring Executive Development, Nebrija University) for high-potential employees.
- **Cepsa Leadership Academy:** for team leaders to hone their leadership skills and help with their team members' career development.
- **Co-payment programme:** funding for part of employees' postgraduate studies at business schools to help them progress.



We also created a specific sustainability training programme. This programme was launched with training on the Sustainable Development Goals (SDGs) and included a general syllabus in a gaming format. It was completed during

the year with several training initiatives taking deep dives into a range of topics, such as ESG criteria, climate change and energy transition, ESG challenges and opportunities, sustainable finance and the circular economy.

3.9 Advancing on the Global Agenda: aligned with the SDGs



Appendix 3.6.4 Learning culture



3.3.4 Remuneration: competitiveness and engagement

Remuneration policies and processes are drawn up to support the company's strategy and foster employees' short- and long-term engagement.

Our remuneration policies are based on principles of internal equity and external competitiveness, motivation

and commitment to the company's values and performance, sustainability, and contribution to delivery of the company's objectives. We review the structure and competitiveness of our remuneration policies each year to ensure we have the right mix of talent.



Part of the remuneration of employees who receive variable remuneration based on group objectives, including executives, is tied to sustainability performance. Specifically, ESG criteria account for 20-25% of Cepsa's objectives for 2022.

We tailor remuneration fully to each individual employee's reality, reflecting the basic pillars of well-being and bearing in mind that we all have different needs and wants. This means having a flexible remuneration scheme whereby employees can, voluntarily, earmark part of their remuneration to certain products or services that offer sizeable tax and economic advantages.

This year we had a Benefits Day at Torre Cepsa and the Helios buildings to broaden employees' knowledge of the benefits available to them just for working at the company. The event drew massive attendance by employees, who were able to meet suppliers personally and ask them questions directly.

Appendix 3.6.5 Remuneration: competitiveness and engagement



3.3.5 Social dialogue and labour relations

Working conditions are set based on the reality of each job through social dialogue and collective bargaining. The result is a flexible and integrated labour relations framework with a high level of coordination with, and participation by, unions and workers' legal representatives.

Our [Human Rights Policy](#) recognises the importance of respecting the right to freedom of association and the participation of workers' representatives and considers this the best way to shape and develop working conditions.

Applicable laws in most areas where we have operations safeguard worker representation through unions and/or allow representation through people chosen directly by company employees. Likewise, we provide the necessary resources and support to ensure that employee representatives are elected properly.

We maintain open dialogue with the various worker representation bodies and committees and reach agreements

on a variety of matters, actively participating in any ongoing collective bargaining processes.

On matters where a company or workplace collective bargaining agreement does not apply, we abide by the relevant industry bargaining agreement, if there is one, or the provisions of the company's management manuals, which embed and are inspired by our values.

The main agreements and those with the greatest impact in recent years are the Group's I Partial Collective Bargaining Agreement, which covers 11 companies in different parts of Spain, and the II Refining Collective Bargaining Agreement, which covers all of our energy parks.

87% Employees covered by collective bargaining agreements (%)

Appendix 3.6.6 Social dialogue and labour relations





3.4 BECOMING A ZERO-ACCIDENT WORKPLACE



GRI: 3-3, 403-1, 403-2, 403-3, 403-6, 416-1 // SASB: RT-CH.320a1, EM-EP-320a1, EM-RM-320a1, EM-RM-320a2

2022 MILESTONES



Workshop on Safety Observations: Trainer training, held at all chemical plants and currently under development for all other businesses.



Improvement in audits of work permits at the energy parks: pilot project at the Gibraltar-San Roque Park, with seven safety auditors taking part.



LOTO (Log Out Tag Out) system training for Exploration & Production staff: training to highlight these practices to prevent major incidents in equipment maintenance and repair.

Key indicators	2022	2021
Fatalities, employees and non-employees (n ⁰)	0	0
Hours of employee training on safety (n ⁰)	106,206	88,570
Employee lost workday injury frequency (LWIF) ¹	0.55	0.66
Non-employee lost workday injury frequency (LWIF) ²	1.76	1.49
Employee total recordable incident rate (TRIR) ³	0.98	1.20
Non-employee total recordable incident rate (TRIR) ⁴	2.83	2.58
Process safety (n ⁰)	16	9

Appendix 3.7 Becoming a zero-accident workplace 

¹ Total number of lost-time employee accidents / Total number of hours worked x 1,000,000

² Total number of lost-time contractor accidents / Total number of hours worked X 1,000,000

³ Total number of employee accidents recorded / Total number of hours worked X 1,000,000

⁴ Total number of contractor accidents recorded / Total number of hours worked X 1,000,000

3.4.1 Creating a safety culture

Health and safety are embedded in Cepsa's culture and vision. We take care of everyone who works for or with our company, our customers, the local communities and our surroundings, and we are committed to continuously improving.

We promote a culture of safety leadership and want people in leadership positions to foster a climate of trust and set an example for employees and contractors alike. Everyone should commit to protecting themselves and others and we encourage two-way communication regarding policies, objectives, action plans and sharing lessons learned.

The related training and awareness programmes in place aim to promote transparency, commitment, individual accountability and engagement.

We have rolled out Preventive Action Plans (PAP) to spread our safety culture throughout the entire company. They include initiative such as:

- **Safety walks:** safety visits by process unit managers with in-house operational staff and employees of service companies to strengthen their leadership and visibility.
- **Housekeeping inspections:** inspections performed by multidisciplinary groups from operations, maintenance and safety to ensure optimal order and cleanliness.
- **Preventive Safety Observations (PSO):** observations by employees and contractors to promote excellence in occupational safety, including conversations to jointly detect deviations and pinpoint areas of improvement.



We also carried out specific projects for each business; e.g. BRIO, ORION and KAISER. The purpose of these cultural transformation programmes is to implement work approaches whereby employees are involved in plant improvements and to highlight the importance of bolstering safety.

Appendix 3.7 Becoming a zero-accident workplace



3.4.2 Safety management: commitment and best practices

The aim of our [Health, Safety, Environmental Protection and Quality \(HSEQ\) Policy](#) is to take care of all the people who work at and collaborate with Cepsa, our customers, and the communities and environments in which we operate.



100% of staff is covered by an occupational health and safety management system and 93% of our industrial sites are ISO 45001 and OHSAS 18001 certified.

In 2022, we held our annual occupational health and safety training and awareness campaigns and continued to promote improvement through lessons learned, with ongoing monitoring of key indicators.

We are firm believers that in-depth investigation of incidents is crucial so we can learn from them and prevent them from occurring again. To that end, we apply the leading incident investigation methodology, Kelvin TOP-SET, in all business units. This methodology entails conducting a comprehensive investigation of incidents, not just a root cause analysis.

SAFETY EXCELLENCE PROJECT



In 2022, we embarked on an ambitious safety excellence project with DuPont Sustainable Solutions (dss+), a leader in this field. The aim is to become an industry benchmark in safety, health, and environmental performance by 2025.

To achieve this, we started with a diagnosis of the state of our safety using different tools. We then drew up an action plan with all the relevant business units comprising 44 actions. We pilot tested all the actions during the year and assessed the maturity of the culture to gauge their effectiveness.

As required by law for Spanish sites, we designed an annual planning of preventive actions to eliminate, reduce and control risks. We appointed officers, earmarked resources, and established monitoring, along with deadlines for implementation. Planning is based on the results of risk assessments, safety inspections and observations, environmental condition measurements, internal objectives, and resolutions adopted at Health and Safety Committee

meetings. The annual report drafted by the Occupational Health and Safety Area presents the final results of the annual planning.

The business units plan and draw up internal audit programmes to assess our management system. The Internal Audit Department also plans and designs audits that are separate from those of the business units.



HAZARD IDENTIFICATION AND ASSESSMENT

We apply a structured approach to identify hazards and ensure that the organisation's risks are assessed systematically and that the resulting control measures are implemented.

Communicating, investigating and sharing, information on hazardous situations and safety incidents is essential in our industry.

We have a procedure in place for establishing a common investigation criterion irrespective of the category of incident, its seriousness, the potential damage, or its location. We use it to determine the related functions and responsibilities, the approach and process for producing reports, and the lessons learned.

All safety events¹ must be reported immediately. The potential seriousness of each event is determined based on Cepsa's risk matrix. High Potential (HIPO) and Very High Impact events are presented to the Management Committee. The investigation report includes the related corrective actions. These events are evaluated to determine whether to prepare and report an HSE alert and a lesson learned.

We have several channels available to all employees and contractors to report hazards: a specialist mailbox, work or maintenance order requests to remedy potentially unsafe conditions, a potential incident (near miss) communication channel and oral communication through the supervisor.

Initiatives undertaken to assess, monitor and reduce exposure of employees and contractors to health risks include:

- Design and modifications at facilities to ensure safe working conditions.
- Equipment and facility maintenance programme.
- Assessment of risks from potential exposure to chemical products and design of the preventive measures to be applied and programmes for regular hygienic measurements.
- Use and provision of personal protective equipment (PPE) in accordance with the related risks.



EMERGENCY RESPONSE

All our workplaces have emergency plans tailored for their risks and the laws applicable in each country. These plans include emergency resource availability and organisational requirements and inspection and maintenance resources and needs.

We have a Process Safety Manual (PSM) aligned with the Energy Institute model that covers preparation for emergencies.

Drills are performed to check the level of plan implementation and any applicable corrective measures are drawn up.

¹ HSE events are classified as: near miss (potential incident); injury/illness; process safety event (PSE); property damage; environmental damage; or road accident.

CONTRACTOR AND SUPPLIER SAFETY

Before engagement, suppliers are assessed and evaluated following an approval process to ensure they meet Cepsa's safety qualification standards.



3.5.3 Positive supplier relations

Specific safety clauses are included in the General Contracting Terms and individual contracts. Moreover, our procedures impose requirements regarding access to our facilities.

All service company employees receive

information/training before they can enter our facilities. They are given specific instruction regarding basic safety rules, risks and consequences, the actions to take in the event of emergencies and personal protective equipment.

A single approval is available for service company execution supervisors that is valid for the Palos, San Roque and Canary Island sites. Single approval means any worker receiving execution supervisor training at a specific site who passes the related test may work as an execution supervisor at all sites. Execution supervisor training comprises three modules and is valid for two years. Implementation is monitored to incorporate the improvements uncovered from trainer and trainee feedback.

WORKPLACE HEALTH

We are committed to providing a healthy and safe workplace for our employees and anyone who works at or visits our facilities. Objectives are outlined in the [Code of Ethics and Conduct](#) and the HSEQ Policy to ensure that our operations meet the highest standards of health. These commitments are set out in a variety of internal procedures that address health service functions.

We apply action procedures for each risk inherent to the performance of each job following the model set by the Spanish Institute of Occupational Health and Safety (INSST). To address risks for which there is no official guidance, we

draw up and implement specific procedures. We conduct internal and external audits to ensure compliance with regulations and attest to the quality of the service provided on actions developed by health services.

Cepsa's Medical Service has in-house health professionals available to answer any type of health-related query.

Our intranet provides employees with myriad health promotion initiatives and access to all resources, in addition to training campaigns.

HEALTH PROMOTION PROGRAMMES



Employee emotional support programmes via a specialised external service or services for work-life balance or family care, aligned with the mitigation of new psychosocial risks.

We added a comprehensive **health test to our annual health check-ups** following the INSST model.

Healthy food options in the kitchens and restaurants at our workplaces.

Awareness campaigns.

Mindfulness sessions held by a team of volunteers, who provide virtual sessions available to all staff.



3.4.3 Consumer health and safety

GRI: 3-3, 416-1. SASB: RT-CH-410B.2

Our [Customer Relationship Policy](#) sets out our consumer protection commitments.

We conduct a rigorous product assessment to ensure that our products are safe for health and the environment throughout their life cycle. To do so, we have a series of internal procedures, such as the General Product Stewardship Procedure.

We have yet to record any incident related to impacts on health of our goods and services.

All information on product features is included in the Product Safety Data Sheets we send to customers when they make their first purchase and whenever we make updates.

In 2022, we drafted Product Regulatory Information Sheet (PRIS) documents with the regulatory information applicable to each of our products. These documents, on top of our Safety Data Sheets and specifications, provide a comprehensive view of all our products. In a bid to become increasingly efficient and automate process, we also developed a Material Safety Data Sheet (MSDS) tool. This tool automatically contacts all chemical product suppliers to request the MSDSs containing the product safety information of the products supplied.



Appendix 3.7 Becoming a zero-accident workplace





3.5 FACILITATING A SUSTAINABLE SUPPLY CHAIN



GRI: 3-3, 2-6, 204-1, 414-2

2022 MILESTONES



Follow-up meetings with our suppliers to enhance their ESG performance.



New Supplier Campus: sustainability training and learning platform for suppliers with over 450 participants.



Real-time risk monitoring of more than 500 suppliers, including human rights risks.

Key indicators	2022	2021
Total procurement spending (€ million)	1,173	700
Suppliers in the company's supply chain (n°)	3,288	2,856
Local suppliers (%)	35%	38%

Appendix 3.8 Facilitating a sustainable supply chain



3.5.1 Procurement model

Our procurement model is designed not only to cover our supply needs, but also to strengthen relations between suppliers and our businesses, pursue automation, traceability and transparency and help control risks related with the supply chain.

We follow a mixed procurement approach that standardises and coordinates the centralised and business-level purchasing so as to streamline processes and maximise efficiency through planning and early supplier involvement in new projects.



We ensure the integrity and transparency of procurement processes to foster free competition.



EXCELLENCE IN PROCUREMENT MANAGEMENT



- Excellence of our procurement function is certified under UNE 15896 Value added purchasing management, an audit which extended to our ISO 9001, ISO 14001, ISO 50001, EFQM, ISO 45001 certifications and the other standards applicable to our management system.
- In 2022, in a bid to enhance management excellence and step up our commitment to sustainable procurement, our systems were audited under ISO 20400 standards.

EMBEDDING ESG INTO DECISION-MAKING

We give our suppliers a questionnaire to assess their ESG performance and assign them an ESG score. The ESG score is uploaded to the procurement platform and as of 2022 assigned automatically to the award sheet for consideration in tenders. Suppliers with low scores are asked to attend development meetings so they can improve their performance.

We also calculate added value by embedding ESG into decision-making (Total Value of Ownership), promoting sustainable procurement underpinned by a variety of sustainability levers that were reviewed last year.

ESG TRAINING OF PROCUREMENT STAFF

Procurement staff receive ongoing ESG training. General courses are imparted by Cepsa via the Cepsa Campus, while specific training is given by the Procurement Academy.

In tandem, specific procurement programmes have been added to address the new [Supplier Code of Ethics and Conduct](#) and the new EU corporate sustainability due diligence and human rights due diligence directives.



WE LISTEN TO OUR STAKEHOLDERS AND SHARE BEST PRACTICES

We shared best practices with suppliers on an ongoing basis in 2022 in order to instil ESG throughout the supply chain. We also explained the company's strategy, our commitments and the road map for delivering our ESG targets.

We included suppliers in our annual stakeholder listening sessions, to learn about and rank the topics that interest them most and their expectations.



WEPIONEER PROGRAMME: THE IMPORTANCE OF RECOGNISING LEADERSHIP - CIRCULAR ECONOMY



We held our fourth wePioneer supplier recognition programme in 2022. This initiative is designed to recognise suppliers for ESG management excellence and for their commitments to sustainable and responsible performance. The topic this time was the circular economy.

3.5.2 Our supply chain¹

Our supply chain comprises 3,288 suppliers, of which 1,729 are covered by our integrated management model. The rest, which account for less than 1% of procurement spending, are included in tail spend.

Of the procurement volume (excluding raw materials purchases), 76% goes to services. The rest goes to a range of goods, like materials, spare parts or equipment.

We segment our supply chain by criticality based on the findings of comprehensive and continuous analysis of total expenditure, geographic breakdown and core business as follows:

- Segments I, II and III. These make up roughly 16% of our suppliers and over 85% of our annual spend. We gear all our initiatives towards these segments and tailor relationship models.
- Segments IV and V². These are non-strategic suppliers, but we monitor them for all operational, economic, health and safety, environmental, cybersecurity and human rights risks, and have risk cards for each. Some high-risk segment IV suppliers are considered critical and managed separately.

We also have regular reporting procedures, tools and systems in place to control and monitor management effectiveness throughout the supply chain. To ensure continuous traceability, we monitor these reports, along with target and control compliance metrics or performance indicators.



LOCAL PROCUREMENT

We encourage sourcing from local suppliers because of its positive impact on the surrounding business landscape, not to mention the advantages this affords, e.g., facilitating supply, increasing flexibility and guaranteeing response times. Proximity to suppliers also helps us control country risk: in 2022, no supplier posed extreme risk due to location.

To that end, we identify and evaluate procurement contracts that can be managed locally and decide on specific initiatives with local suppliers.

For locations around the world where the company has significant operations³, we sourced approximately 87% from domestic suppliers. Specifically, 35% of the total spend was purchased from suppliers based locally.

In Spain, our main market, 99% of suppliers were Spanish, making up 99% of total expenditure managed by Procurement. Nearly 40% of contracts were arranged with suppliers located near a Cepsa operation (Palos de la Frontera, Gibraltar - San Roque and Tenerife).

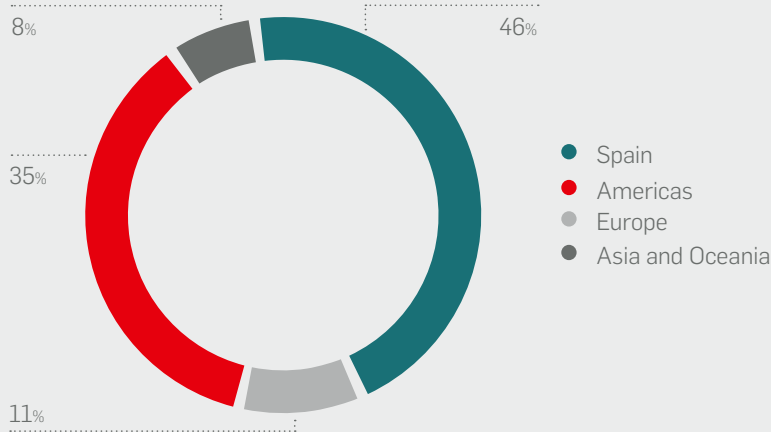
¹ The procurement teams were decentralised in Chemicals and Exploration & Production, although the approach to procurement management and processes has not changed. Excluded from this report are data on SEA (Thailand, Singapore and Malaysia), as Cepsa no longer has assets in those locations. Amounts shown for 2021 were only until the business was discontinued in the year's first quarter. Procurement figures exclude purchases of crude oil, raw materials and energy products and the related maritime shipping costs. Also excluded were expenses for primary logistics (CLH), financial products and services, Cepsa's internal operations, donations and payments of taxes and duties. The amounts shown are the amounts arranged in the procurement contracts; i.e., not the amounts invoiced.

² We have come up with a more effective way of managing segment V suppliers, included in the tail spend, by leveraging automation and digitalisation to pinpoint and prioritise certified sustainable products. Tail spend includes suppliers with procurement contracts under €25,000.

³ Locations with significant operations are the main sites where Cepsa has industrial plants and Exploration & Production assets. For the purposes of this report, those locations are Spain, Portugal, Colombia, Peru, Brazil, China and Canada.



Geographic breakdown of suppliers in 2022



We only enter into contracts with non-domestic suppliers for goods, equipment or services that are highly specialised or rely on multinational technology, e.g., catalysts, industrial

chemicals, specialised control equipment and systems and licences.

Appendix 3.8 Facilitating a sustainable supply chain



3.5.3 Positive supplier relations

A key commitment of our [Sustainable Procurement Policy](#) is to promote best practices in the purchase and contracting of goods and services through responsible and sustainable management. Our [Supplier Code of Ethics and Conduct](#) furthers our commitment to ethics and transmitting values. Our specific procurement requirements are standardised and laid down in the General Contracting Terms and our contractual models and must be accepted by any third party that does business with Cepsa during both the registration and the various tender award stages¹.

We stress to all our suppliers the importance of good ESG performance in their own operations and of requiring similar standards within their own supply chains.

We use an analytical process to identify specific areas requiring action and help forge partnerships to drive collaborative innovation and embed ESG criteria in decision-making.



We follow a four-step supplier relationship management process:



REGISTRATION AND APPROVAL

This step entails laying down aspects suppliers must fulfil to ensure that they commit to the company's requirements and to guarantee an acceptable level of related risk.

All registered suppliers must fill out ESG questionnaires tailored to their level. Over 62% of active suppliers in 2022

had an ESG score, which was above our 60% target for the year, and the score is available automatically in the award sheets for consideration in decision-making.

¹ Tier 2 suppliers that access our facilities deemed critical are subject to the same requirements, procedures, codes and policies.

RISK SEGMENTATION AND CONTROL

We segment suppliers by risk level and type to identify critical suppliers. These comprise suppliers in the main segments I, II and III, and certain high-risk segment IV suppliers and contingency or conditional suppliers, for which there are no alternative suppliers. The main contractors accessing our facilities (Tier 2 suppliers) are also considered critical suppliers.

This step includes ongoing assessment of active suppliers for operational, economic, ESG, country, information security and counterparty (KYC, Know Your Counterparty) risks.

We have added a new approach for assessing human rights risk and observance of due diligence.

We performed risk assessments on 2,830 active suppliers in 2022 and additional. In 2022, a total of 2,830 active suppliers were risk-assessed. Additional compliance analysis was conducted on a further 278 suppliers, cross-checking against international lists, framed by the KYC procedure.

We did not uncover any Cepsa supplier with high or very high risk. Average supplier risk for 2022 was medium-low.



PERFORMANCE EVALUATION

We have an evaluation plan for active suppliers that factors in quality, execution and ESG issues. We included evaluation of Tier 2 suppliers' work at our facilities for our main contractors.

Over the course of 2022, we conducted 1,473 evaluations of 666 suppliers, of which 560 were due to their criticality.

Accordingly, 99% of our critical suppliers have undergone at least one performance evaluation, which is in line with our target of screening at least 99% of these suppliers, including an assessment of ESG issues.

AUDITS

Lastly, we carry out audits to ensure that suppliers meet our requirements following a procedure for compliance with internationally accepted ESG standards.

We carried out 160 on-site audits in 2022. By year-end, we had audited a total of 215 active suppliers. Audit findings are valid for 24 months, during which we help suppliers address any non-conformities. Action plans are drawn up for these suppliers and evidence that they have been implemented must be provided before the non-conformity can be closed. We proactively encourage closing non-conformities and advise

suppliers how to do so. The target is to keep a level of 80% of non-conformities in audit reports over the past two years closed. We closed 82% of non-conformities in 2022.

At the end of 2021, the audit plan was expanded to include a new specific procedure regarding the ESG questionnaire used to assign supplier scores. We held 62 development meetings with suppliers in 2022 that helped us verify their performance in these areas and pinpoint opportunities for improvement. Each supplier was given a detailed report outlining the appropriate recommendations to consider in their operations.



3.6 BEHAVING ETHICALLY AND RESPECTFULLY



2022 MILESTONES



Organisation of the company's seventh Ethics Day The 2022 edition pivoted around inappropriate workplace conduct.



Renewal of the company's UNE 19601 and ISO 37001 certifications.



Extension of the compliance training catalogue and topics.



Completion of our human rights assessment methodology, which is aligned with the UN Guiding Principles on Business and Human Rights.

Key indicators	2022	2021
Code of Ethics breach complaints received (nº)	102	113
Requests for ethics advice (nº)	177	134
Internal audit projects with an anti-corruption/anti-fraud component (nº)	10	10
Income tax paid by the company (€ million)	1,419	370

Appendix 3.9 Behaving ethically and respectfully



3.6.1 Ethics in our day-to-day operations

GRI: 2-15, 2-23, 2-24, 2-26, 3-3, 205-1, SASB: EM-EP-510a.2

We are strongly committed to ensuring compliance with the law and our in-house policies, commitments and values with the aim of nurturing a culture genuinely based on ethics, honesty and transparency. We take a zero-tolerance stance towards any form of inappropriate conduct.

We are creating a culture in which any breach must be reported without fear of disclosure or retaliation, when made in good faith, a culture in which honesty is invoked to rally our employees around the idea that they should do things right out of conviction rather than any fear of punishment.

Our [Code of Ethics and Conduct](#)¹ and our compliance policies guide how we conduct ourselves in the workplace. They embody applicable best practices and the values that our shareholders, duly represented in our Board of Directors, want us to embrace. Because it is important that our employees and managers are familiar with and understand their contents, we run continuous training and awareness initiatives on both the intranet and the corporate website. We also urge formal endorsement as a way of setting an example with a very high percentage of staff taking that step.

We also call on our other partners and stakeholders to make a similar commitment by asking them to sign our Code of

Ethics and Conduct as well as our [Supplier Code of Ethics and Conduct](#), which sets out the specific commitments and conduct suppliers must uphold in their dealings with Cepsa; that endorsement is made official during the supplier certification process. The contracts governing business dealings with third parties include specific clauses regarding compliance with our principles.

The Code prioritises the performance of due diligence with third parties before arranging any business transactions, framed by the precautionary principle and by human rights safeguards.

2.3 Sustainability-aligned policies



Corporate Policies on Cepsa's corporate website



SEVENTH ETHICS DAY EVENT



The seventh edition of our Ethics Day event focused on inappropriate workplace conduct, explaining the origin of such conduct, the role our brain plays in it and the keys and tools for a positive outcome. We also acknowledged employee commitment to ethics with our Compliance Believer 2022 awards. The closing remarks at the award ceremony, which was attended by several members of our Management Committee, were given by the chair of the Audit, Compliance, Ethics and Risk Committee, who is also one of the company's independent directors.



¹ Approved by the Board of Directors. The Code applies to Cepsa, the subsidiaries it effectively controls, their directors and employees and legally-bound third parties.

ETHICS AND COMPLIANCE CHANNEL AND GRIEVANCE MANAGEMENT

We have an [Ethics and Compliance Channel](#), which any employee or third party can use to notify us of inappropriate behaviour or other breaches of the Code of Ethics and Conduct, prevailing legislation and Cepsa's body of in-house rules and regulations. All notifications are handled confidentially and can be made anonymously. The Channel is available online 24 hours a day, 365 days a year and there are versions in Spanish, English, French and Portuguese. There is also a hotline, manned 24/7, managed by an independent third party, which can be contacted from any country.

The Channel is managed entirely by the Ethics and Compliance Office, which reports functionally to the Board's Audit, Compliance, Ethics and Risk Committee.

We inform our stakeholders about the Channel over our website as well as in the contracts that govern our business dealings and provide our employees and suppliers with related training.

A recent survey about ethical matters revealed that our employees know where to go if they have a question or concern about a compliance issue (93%).

Cepsa takes a zero-tolerance stance towards any retaliation against whistle-blowers, to which end it has put in place the safeguards stipulated in Spanish law protecting corruption whistleblowers, in line with the contents of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

Once a complaint and/or query has been received through the Ethics and Compliance Channel, the Ethics and Compliance Office initiates the process with a first review or preliminary analysis. Subsequently, the Office can close the case if it finds no evidence or decide that there are clear indications that the case should be brought to the investigation unit in order to obtain a definitive ruling. Lastly, once the investigation unit has reported its findings, the Office reports to the pertinent body.

EXTERNAL AUDITS AND CERTIFICATIONS

We have a compliance management system which articulates the prevention and management mechanisms needed to tackle the risk of compliance breaches or inappropriate conduct.

In 2022, we renewed the UNE 19601 and ISO 37001 certifications underpinning our corporate criminal risk and

anti-bribery management systems, respectively, evidencing our strong commitment to creating a corporate culture based on integrity, transparency and compliance.

In addition, our Crime Prevention Model is audited annually by an independent expert and the scope of that review is being expanded each year.

ANTI-FRAUD AND ANTI-CORRUPTION EFFORT

Our [Bribery, Corruption and Conflict of Interest Prevention Policy](#) establishes rules of conduct and our commitments in this area.

One line of initiative is the performance of audits to assess corporate crime risks, specifically including those related with corruption in both the private and public spheres. We have also tested the effectiveness of the control environment in place at our companies¹, an exercise that did not reveal any significant corruption risks.

We also run counterparty analysis, known as Trade Controls, which tests for bribery and corruption risks in order to assign integrity risk scores to our business partners.

We monitor country risk in terms of money laundering, corruption and international sanctions and publish the results of that analysis in a quarterly internal newsletter.

Every year we assess the risk of fraud, factoring in the main internal and external factors that may have had an influence during the intervening period, testing the effectiveness of the internal control model, analysing the reports received via the Ethics and Compliance Channel and conducting audits. That effort is set down in the fraud risk map and a specific anti-fraud plan.

¹ Compañía Española de Petróleos S.A., Cepsa Comercial Petróleo S.A.U., Cepsa Química S.A., Cepsa Trading S.A.U., Cepsa Business Services S.A.U., Fundación Cepsa, Cepsa Colombia S.A., Ressa S.A., CEDIPSA, Cepsa Gas Comercializadora S.A., Cepsa Gas y Electricidad S.A., Cepsa Aviación S.A., Spanish Intoplane Services, S.L.U., CMD S.L., Petrocan S.A., Cepsa Petronuba S.A., Atlas, S.A., Cepsa Bioenergía San Roque, S.L.U., GEPESA S.A., Cepsa Algeria, S.L. and Cepsa Rhourde El Rouni, S.L.U.

KEY MEASURES AGAINST CORRUPTION, BRIBERY AND MONEY LAUNDERING IN 2022



- Awareness drives such as communication of the Ethics and Compliance Channel statistics and outcomes for 2021 and organisation of a new edition of Ethics Day.
- Provision of online training to employees addressing crime prevention and to suppliers dealing with integrity in business.
- Provision of training on International Sanctions & Trade Controls to critical business areas.
- Assessment of the performance of the specific controls put in place, via the Crime Prevention Model, to mitigate corruption risks.
- Review, update and publication of the Trade Controls procedure.
- Payment intervention procedure for freezing and analysing all payments made by the Foundation.

Note, lastly, that Cepsa neither finances nor lends any form of support, directly or indirectly, to unions, public officials, politicians, political parties or their representatives and/or

candidates, advisors or any other person carrying out public duties or confidantes thereof.

CONFLICTS OF INTEREST

Our [Bribery, Corruption and Conflict of Interest Prevention Policy](#) and our Policy on Related Party Transactions and Intragroup Transactions, both of which are Board-approved, set out the procedures for preventing and/or handling the potential conflicts of interest faced by our shareholders, directors, executives and other employees in the course of their dealings with Cepsa, as well as those that could arise with customers, suppliers and other stakeholders.

Both policies stipulate that, in the event of a conflict of interest, the conflicted party must abstain from the related deliberations and decision-making and must not gain access to confidential information. They are further required to act transparently, take the initiative to report any potential conflicts and collaborate on their resolution.

In parallel, our policy requires our professionals and stakeholders to proactively disclose any potential conflicting interests by contacting their immediate superiors or reaching

Appendix 3.9 Ethics in our day-to-day operations



out to the Ethics and Compliance Office. In addition, the company's executives, department heads and at-risk business units are asked to fill out a questionnaire annually declaring any potential conflicts of interest.

In 2022, we identified several conflicts of interest derived from relationships between employees with decision-making power and third parties, individuals and companies alike. In all instances the affected parties were briefed and safeguards were put in place with the help of our Human Resources Department and the employees' superiors.



3.6.2 Human rights

GRI 2-23, 2-26, 3-3, SASB: EM-EP-210a.3

Our new [Human Rights Policy](#), which is aligned with international standards and practices, sets down our human rights commitments. It governs the conduct required of our employees and of the third parties we engage with everywhere we do business and our commitment to performing due diligence to enforce those rules.

COMMITTED TO COMPLIANCE WITH THE MOST DEMANDING INTERNATIONAL PRACTICES



When formulating our new policy, we adapted its scope of application and rules of conduct to the most advanced international practices:

- United Nations Universal Declaration of Human Rights.
- International Labour Organization (ILO) Declaration of Fundamental Principles and Rights at Work.
- OECD Guidelines for Multinational Enterprises.
- United Nations Global Compact Principles, which we endorsed in 2005.
- United Nations Declaration on the Rights of Indigenous Peoples.
- ILO Convention no. 169 on Indigenous and Tribal Peoples.
- 2030 Agenda and Sustainable Development Goals (SDGs).
- Voluntary Principles on Security and Human Rights.



As in prior years, we did not identify any irregularities or human rights violations across our operations in 2022



IMPACT ASSESSMENT AND DUE DILIGENCE

We have defined methodology, aligned with the UN Guiding Principles on Business and Human Rights, for assessing our human rights impacts.

That methodology comprises three core elements: (i) an assessment of human rights impacts in our own operations; (ii) an assessment of human rights impacts in mergers &

acquisitions; and (iii) human rights-focused due diligence in the supply chain and dealings with other counterparties.

Our methodological approach leads us to work in a proactive, standard and structured manner on the identification, prevention and mitigation of adverse consequences, and our response to their materialisation.



SECURITY AND HUMAN RIGHTS

We have a Security Policy and specific rules governing the conduct of security staff, who must possess high levels of technical and professional expertise, as well as proven human rights acumen. Those requirements extend to outsourced security staff.

We likewise follow the Voluntary Principles on Security and Human Rights guidelines to ensure safety across our operations and we are in the process of becoming an Engaged Company, a milestone expected to occur in 2023.

The ability to accurately assess the risks present in our operating environment is essential for the safety of our people, local communities and assets. Our risk assessment examines risks for both the company and for our business communities and encompasses the risk of 'corporate complicity', meaning

Appendix 3.9.4 Human rights

the indirect involvement of the company in incidents related with human rights, even if the abuse takes place at a contractor. In this manner we aim to take as broad as possible an approach to human rights threats.

To that end, our private security providers must be aware of and agree to abide by the Voluntary Principles on Security and Human Rights.

3.6.3 Fiscal transparency and responsibility

GRI: 207-1, 207-2, 207-3, 3-3

We are aware of the social utility of the tax contributions we make everywhere we do business as they help maintain public employment and ensure basic services that benefit citizens, families and society at large.

To that end, our [Corporate Tax Policy](#), approved by the Board of Directors in 2021, sets down our tax strategy and commitment

to apply best tax practices. That strategy, which is actively communicated across Cepsa's various committees and bodies, meets all aspects of applicable tax regulations while upholding the company's interests and ensuring delivery of our long-term business targets, duly avoiding tax risks and inefficiencies in the course of doing business.

GOVERNANCE AND CONTROL



Cepsa's Board of Directors is kept abreast of the company's tax policies and criteria and the level of compliance with the Corporate Tax Policy.

The tax unit is in charge of regularly ensuring and reviewing that the company's tax principles and management procedures, which are based on international standards, are applied adequately in transactions in progress. Compliance with tax legislation is guaranteed by means of a range of mechanisms outlined in the Internal Control and Integrated Risk Management systems.

New investments must pass a series of approvals, specifically including analysis of the potential tax implications. Investment proposals are assessed and must be signed off on by the Investment Committee before they are submitted for authorisation by Cepsa's Management Committee or its Board of Directors.

Compliance with tax regulations is guaranteed by the range of mechanisms set down in the Internal Control System and the Integrated Risk Management System, framed by the ERM Framework (Enterprise Risk Management – Integrated Framework) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO II).

In addition, we have implemented a tool for facilitating tax management and reinforcing both control and oversight of compliance with our tax obligations. We have also drawn up a specific map of tax risks which is presented to and validated by the company's Risk Committee.

The Audit, Compliance, Ethics and Risk Committee receives an annual report on the performance of those systems and mechanisms and on the design and efficiency of the controls put in place.

The following activities are part of the process of communicating tax risks to the Board of Directors:

- Update of the tax risk map within the risk maps of Cepsa and all of its business units and lines.
- *Ex-ante* identification of the effect of tax risks on formulation or attainment of the company's strategic lines of initiative.
- Mandatory inclusion of the tax risk analysis associated with new investments.
- Formulation of plans for risk management and mitigation.

The company's tax situation is subjected to a series of review filters. Firstly, an internal review is conducted to verify its correctness. Secondly, a review by the independent external auditor is carried out as part of its annual audit reports for each group company and for the consolidated financial statements. Lastly, the tax situation is reviewed regularly by the authorities in the various jurisdictions where the group does business by both their tax management and inspection teams.



GOOD TAX PRACTICES AND COLLABORATION WITH THE TAX AUTHORITIES

We want our business communities to understand what we do and how we contribute to their social wellbeing. We prioritise collaboration with the authorities and civil society to boost transparency around how we do business.

We strive to maintain constructive relationships with the tax authorities in our business markets in a bid to maximise consensus and align interpretations of tax rules.

To that end we participate in official initiatives in order to create understanding and save time and effort for everyone involved.

In the event of discrepancies in interpretation, we share our technical viewpoint, fostering collaboration and understanding and leaving the door open to friendly agreements with the various tax authorities involved.

GOVERNMENT PAYMENT REPORT FOR EXPLORATION & PRODUCTION ACTIVITIES



We provide information about all payments for all items made to the various authorities in the markets where we do business.

TAX TRANSPARENCY

Transparency is an essential part of how we conduct ourselves. We are committed to helping the various stakeholders understand our tax policy and the specific outcomes it leads

to. We publish all the tax-related information required under applicable regulations and the voluntary agreements we have endorsed.

CODE OF GOOD TAX PRACTICES AND TRANSPARENCY REPORT



We have endorsed Spain's Code of Good Tax Practices and submit an Annual Tax Transparency Report to the tax authorities.



TAX CONTRIBUTION

Cepsa paid a total of €1.42 billion of corporate income tax in 2022, broken down as follows by country.

Corporate tax paid country by country (€ million)¹

	2022	2021
Spain	150	42
Algeria ²	244	66
Brazil	9	5
Canada	16	10
Colombia	24	2
United Arab Emirates	939	239
Italy	2	1
Morocco	1	0
Netherlands	1	1
Peru	13	7
Portugal	15	4
UK	4	1
Singapore	1	1
Thailand	0	-9
TOTAL	1,419	370


[Country-by-country report](#)

In addition to corporate income tax, we bear other taxes, most importantly excise duty. We are also tasked with collecting certain other taxes which we later pay to the competent tax authorities.

In 2022, Cepsa paid €3.77 billion euros of tax, including income tax, and collected a further €2.89 billion.

Tax borne and collected (€ million)]

Tax borne (€ million)				Tax collected (€ million)			
Corporate income tax	Excise duty	Other	TOTAL	VAT	Excise duty	Other	TOTAL
1,419	2,257	92	3,768	2,333	409	144	2,886

¹ The exchange rate used to translate taxes paid in currencies other than the euro was the average monthly rate.

² Includes the tax rates applicable to earnings from the production of oil and gas, which are higher than the general rates.



3.7 LOCAL COMMUNITY RELATIONS



GRI 2-25, 3-3, 203-2, 413-1 SASB: RT CH-210a.1, EM-EP-210b.1

2022 MILESTONES



We launched the Sumamos Energías programme to integrate our renewable energy projects into their local surroundings.



We completed a social impact assessment covering 2008-2021 in Caracara (Colombia).

That study, focused on three indicators - social inclusion, poverty and abilities - concluded that the community management undertaken by Cepsa has made a positive contribution to all three.



Execution of our exit from the El Portón, Jilguero and Puntero blocks (Casanare, Colombia) and from the San Alejandro well (Peru). We abandoned those installations without any social or environmental incidents or liabilities, in stringent compliance with the approved abandonment plans and framed by circular economy principles.

Our activities have an impact on the surrounding communities. That is why we prioritise proactive management of those impacts, assessing risks and fostering the creation of opportunities in our local communities.

We become part of society in the countries and regions where we do business to create collaborative environments and

facilitate local wealth creation. We respect all cultures and keep communication channels open at all times with a view to identifying and responding to local community concerns. In addition, we invest in community projects to respond to the needs and priorities of local society, so reinforcing our commitment to the latter.



DIALOGUE WITH LOCAL COMMUNITIES

Our Society Relations Manual is the rulebook that sets down the guidelines for engaging with local and indigenous communities.

Identification and prioritisation of our stakeholders lays the foundations for establishing an appropriate relationship that is conducive to understanding those communities and working to respond to their needs. We pay particular attention to the local communities in our operations' areas of influence. Transparency and communication are fundamental.

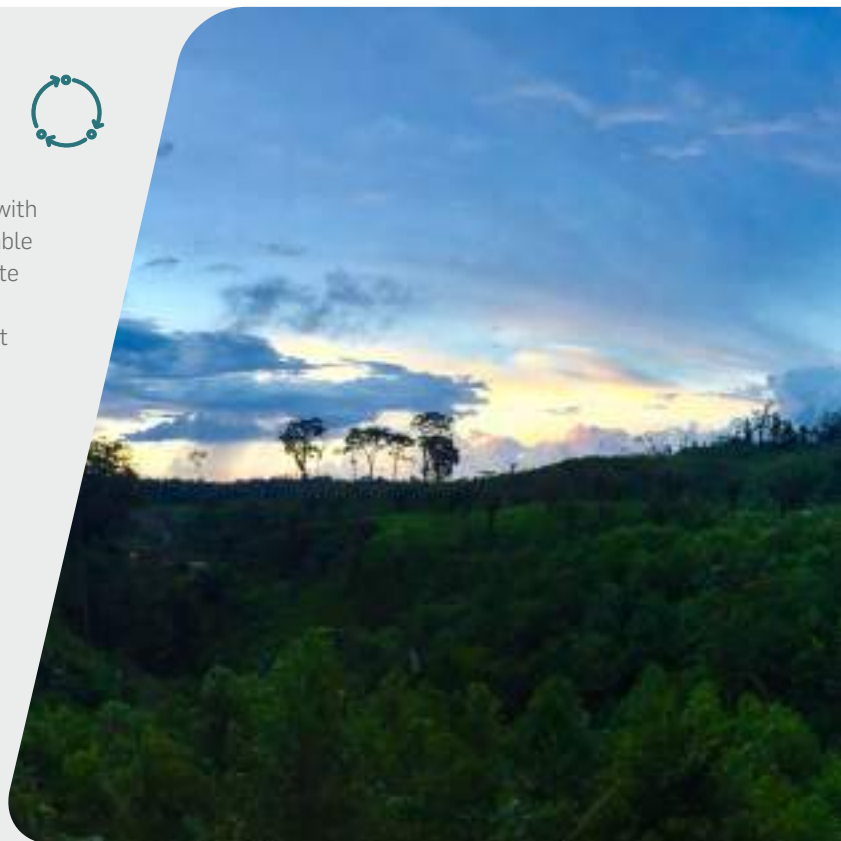
Our relationship-building and communication activities at our main industrial facilities are articulated around institutional dialogue with both the local authorities and provincial and regional administrations and with the people living in neighbouring areas with a view to providing a constant flow of information about our activities. We have specific communication tools such as liaison committees with the communities close to our industrial complexes, open day events and seminars.

SUMAMOS ENERGÍAS



We started up the Sumamos Energías programme with the aim of maximising the integration of our renewable facilities into their surroundings and helping to create opportunities for socio-economic development and growth in the local communities where we carry out renewable projects. The initiative comprises three main commitments:

- To drive the socio-economic development of the communities where plants are to be located.
- To protect the environment and biodiversity, minimising our impact on ecological habitats.
- To ensure transparency, reporting to and communication with all stakeholders.



In our Exploration & Production business we provide experts to reach out to local communities and address their concerns, questions and suggestions about our projects and their impact on them. Those teams take a number of proactive actions to foster community participation, focusing on specific stakeholders including local residents, local and regional authorities, contractors, landowners, traditional leaders and, where appropriate, farming and indigenous communities.

For example, we have implemented formal community engagement programmes, framed by our Community

Management Plan, at all of our assets with local communities within their direct area of influence, which means all of the operations being carried out in Colombia and Peru.

Stakeholder participation in our Exploration & Production business is based on holding frequent briefing meetings to address operational matters, carrying out community investment initiatives, providing local hiring opportunities and creating jobs for the neighbouring communities. We group those stakeholders into local authorities, local communities, contractors and local business owners.

INDIGENOUS COMMUNITIES

There are no indigenous communities in the direct area of influence of our operating assets. However, the Wacoyo indigenous reservation borders the Caracara block in Colombia. That community is defined as a stakeholder and as such is covered by the core principles and pillars of our Community Management Plan. That has led to a close relationship with that community, including the provision of social support in the form of voluntary community investment campaigns.

Moreover, when necessary, the company has a specific prior consultation procedure which encourages early entry into the sites of ethnic communities where there are plans to carry out any manner of studies and/or oil and gas exploration, production and/or transportation projects. The overriding

goal is to generate trust, prevent misinformation, manage expectations, generate effective and formal (documented) participation and respect traditions and customs to present ethnic and cultural integrity.

Indigenous community participation is encouraged by means of recurring assemblies and round table events to which the entire community and their leaders are invited, free from any form of gender bias or any other class of discrimination. Those meetings address indigenous community concerns about community investment, job opportunities and the scope for supplying goods and services. The conclusions reached at those meetings are set down in formal agreements which we then execute and monitor.

RISK MANAGEMENT AND SOCIAL IMPACTS

We identify and analyse the social risks associated with our activities as part of the environmental and social permitting process which is part of the project investment and execution phases and, periodically, whenever there are any significant changes in the stakeholder or social context at the local, regional or national levels.

In Exploration & Production, our Community Management Plan lays down the key lines of action applicable to all the operations we carry out in Colombia and Peru. That Plan is structured into four cross-cutting lines of action - environment reconnaissance; stakeholder engagement, risk and impact management; and due diligence - and seven good

practices - early entry into the area of influence, stakeholder engagement, prior community consultation, job creation locally and regionally, local and regional sourcing of goods and services, community investment and management of requests, grievances and enquiries.

Note that 100% of the operations carried out by the Exploration & Production business that have local communities in their area of influence have had their respective environmental and social impact studies approved by the competent authorities, a process which involves local community consultation and outreach programmes.

SOCIAL IMPACT ASSESSMENT IN COLOMBIA



In 2022, we completed a social impact assessment with respect to the local communities in areas of direct influence and indigenous communities in the area of indirect influence of the Caracara block (Colombia), specifically in the town of Puerto Gaitán (Meta). The goal of the assessment, carried out by the Amanecer Foundation, was to understand the magnitude of the positive and negative effects associated with the community management effort made between 2008 and 2021 and determine areas for improvement in upcoming developments.

The study, which focused on three indicators, social inclusion, poverty and capabilities, shows that the

community management strategy had a positive impact on all three in both the local and indigenous communities, contributing to the eradication of poverty. Those results are largely attributable to the systematic hiring of unskilled local labour and local sourcing of goods and services at all our operations, as well as to the development of productive projects in Colombia. Those projects, after seven years of implementing sustainable tropical farming tools, have enabled 160 beneficiary families to generate sustainable productive units, so becoming self-sufficient in basic consumer products, and sparked the creation of associations (Acapropuga and Asagua), further reinforcing their sustainability.

COMMUNITY WORK AT THE OPERATIONAL LEVEL

The company's community work at its operations is driven by legal requirements and our permits, in all instances framed by the premise of contributing to development in the areas where we have operations and, thereby, to the communities living there, understanding the diversity of populations in those territories in order to make increasingly intelligent and efficient community investments.

Those initiatives are designed to strengthen our ties with society and contribute to the various communities' social and

economic development, factoring in the different priorities set by the various governments. The bulk of our operations-level community investments are concentrated at our assets in Colombia and Peru, where we structure our work around eight lines of initiative focused on operational viability and project sustainability: human development; community- and institutional-building; health; income generation; culture and tourism; education; environment; and sports and leisure.


PROJECT SUMMER IN PERU


In 2022, we executed the first edition Project Summer in Pueblo de Macuya, a population within the area of influence of the Los Ángeles field, in Peru. That plan consisted of the upgrade of eight neighbourhood routes (12 km of roadway). It was, moreover, the first project to take the form of a public-private partnership, thanks to collaboration between the Ministry of Energy and Mining, the Peruvian army, local town councils and Cepsa. The project directly benefitted 1,200 families whose livelihoods are farming and fishing and who need those roads in order to sell their products in good health and safety conditions all year round.

Planning is already underway for the second edition of Project Summer, which will upgrade a further 18 km of roadways, this time with the local and regional governments helping with the funding. That achievement is largely attributable to the systematic hiring of unskilled local labour and local sourcing of goods and services at all our operations, as well as to the development of productive projects in Colombia, which, after seven years of implementing sustainable tropical farming tools, have enabled 160 beneficiary families to generate sustainable productive units.



Community work at the operational level	2022	2021
Investment (€)	235,480	574,317
Direct beneficiaries (nº)	49,650	13,495
Indirect beneficiaries (nº)	249,969	40,882
Collaborating entities (nº)	76	47
Initiatives executed (nº)	39	55

Community work at
the voluntary level 

Appendix 3.10 Local
community relations 



3.8 POSITIVE IMPACT ON SOCIETY - CEPESA FOUNDATION



GRI 3-3, 203-2

2022 MILESTONES



Just Transition Observatory.

Sponsored by the Cepsa Foundation, the observatory studies citizens' perception about the green transition process, complemented by publications and seminars. The first study analysed how the citizens of Andalusia view the transition.



Rollout of the Lets Connect I+D programme together with the CSIC's General Foundation.

We organised a conference cycle with leading innovative companies and the academic community in order to foster connections between the world of academic research and industrial interests.



Certification by Lealtad Instituciones.

The Cepsa Foundation earned this seal having complied with this organisation's seven principles of transparency and good practices.

Key indicators	2022	2021
Social contribution (€ million)	4.5	4.5
Voluntary social contribution (%)	94.72%	87.18%



The Cepsa Foundation's strategy complements our Positive Motion strategy, enabling us to offer a holistic and coordinated response to the most important challenges facing society. The overriding goals are to facilitate Cepsa's connection with society and generate a positive impact.

Framed by that cohesive strategy, we identify the priority lines of initiative for the Foundation, aligned with the company's corporate management, in order to leverage both organisations' strengths and bolster our impact.

In recent years, the Foundation's projects have pivoted around three aims:



Social support

We work to raise the social wellbeing of vulnerable groups and support society in social or climate emergencies. We also drive sustainable mobility and energy and responsible production and consumption initiatives by means of awareness campaigns. Our volunteering programme, Voluntas, also falls into this category.



Positive environmental impact

We champion biodiversity and ecosystem recovery by means of a number of natural habitat preservation initiatives. That work has materialised in ongoing projects in Madre Vieja (San Roque) and the Primera de Palos Lake (Huelva), rounded off with reforestation drives and sustainable farming training. We also work to raise awareness about environmental and circular economy issues, targeting them at the general public as well as at school-goers and professionals.



Science learning

We prioritise innovation and research initiatives and encourage STEM (science, technology, engineering and mathematics) studies with a focus on vulnerable groups and girls. The impetus we give to research in areas of interest to Cepsa and broader society, much of which channelled through the Cepsa Foundation Chair, is a good example of how the Foundation is strategically coordinated with the company's Positive Motion strategy.

We also have a cross-cutting line of initiative which integrates the above three areas of action:



Just green transition

In 2022, we reinforced our commitment to this cross-cutting line of initiative, recasting some of our most established projects to zero in on energy efficiency, circular economy criteria and climate change action.

In that same vein, we extended our relations with stakeholders by adding new ecological transition organisations to our collaborative map. In parallel, we made progress on our goal

of improving how we assess and select projects by choosing an impact measurement methodology that we will start to apply from 2023.

VOLUNTEERING FOR ENERGY EFFICIENCY



As part of our Voluntas programme, in partnership with ECODES, company volunteers help underprivileged families to save energy. Our volunteers receive training on energy saving measures, efficient consumer habits, electricity bills and available discounts and then help carry out energy efficiency assessments in their homes. After gathering the required information, the volunteers then issue a report on the energy efficiency status of the vulnerable household in question, along with a series of recommendations and an estimation of the resulting savings. The participating families also receive personalised energy efficiency kits.



Spotlight on the rollout of the Just Transition Observatory. In line with our cross-cutting line of initiative - Just green transition - this Observatory studies how citizens perceive the green transition, generates publications and organises seminars. Our first study looked at perceptions among citizens in Andalusia (Spain), the aim being to manage the change and prevent potential conflicts, while also generating recommendations for articulating the development plans of the various agents involved in the just green transition thrust.

Also worth highlighting is the Let's Connect I+D programme. Reinforcing our collaboration with the General Foundation of CSIC, the Spanish National Research Council, we encouraged connections between the world of academic research

and industrial interests and convergence between public and private agents around innovation needs and benefits by organising a conference cycle with leading corporate innovators and the academic community.

Lastly, we earned certification from Lealtad Instituciones, an organisation that analyses and certifies foundations' management transparency and practices, by meeting its seven principles: trust organisation and governance; social purpose clarity and messaging; activity planning and monitoring; accountability and information accuracy; transparency around financing; fund usage checks and balances; and compliance with legal obligations.



Community work at the voluntary level	2022	2021
Investment (€ million)	4.2	3.9
Direct beneficiaries (nº)	121,744	116,387
Indirect beneficiaries (nº)	364,861	349,043
Corporate volunteering initiatives (nº)	24	13
Collaborating entities (nº)	154	167
Employees participating in voluntary initiatives	318	213
Non-employees participating in voluntary initiatives (former employees and relatives of current employees)	109	63

Community work at
the operational level



Appendix 3.11 Positive impact
on society - Cepsa Foundation





3.9 THE GLOBAL AGENDA: ALIGNED WITH THE SDGs



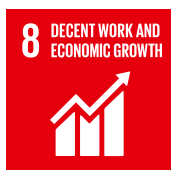
We are working towards delivery of all of the Sustainable Development Goals (SDGs). However, we are prioritising those that are directly related with our business activities, our strategic priorities and our stakeholders' expectations.



Goal 7

AFFORDABLE AND CLEAN ENERGY (SDG 7)

Underpinned by our Positive Motion strategy, we have identified different ways of producing affordable and sustainable energy for us and for our customers, using, for example, renewable hydrogen, biofuels and solar and wind power. Thanks to the scale and efficiency of our production facilities, we will make those fuels at competitive prices and supply households and businesses alike.



Goal 8

DECENT WORK AND ECONOMIC GROWTH (SDG 8)

We are focused on making sure our employees feel well and safe at work and are paid fairly for their experience and performance. The promotion of equality and inclusion are priority aspects of our people management effort. We work with our suppliers and partners to stimulate economic growth along our supply chain.



Goal 12

RESPONSIBLE CONSUMPTION AND PRODUCTION (SDG 12)

We are able to produce and develop greener energy and solutions that support the energy transition, fight climate change and mitigate energy saving impacts.



Goal 13

CLIMATE ACTION (SDG 13)

We are reducing our carbon emissions in line with international agreements such as the Paris Climate Agreement. We are also helping our customers in heavy industry and the transport sector reduce their greenhouse gas emissions.

FINANCIAL AND BUSINESS PERFORMANCE

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Financial and business performance





4.1 BUSINESS ENVIRONMENT



4.1.1 Global macroeconomic environment

After a year of strong growth in 2021, the global economy was expected to gain momentum from the second quarter of 2022 on, rapidly absorbing the impact of the Omicron variant. Since then, however, the economic outlook has steadily

deteriorated, due largely to the geopolitical situation between Russia and Ukraine, which has triggered a humanitarian tragedy in eastern Europe, and the sanctions put in place to pressure Russia into ceasing its hostilities.





That crisis is unfolding as the global economy recovers gradually from the COVID-19 pandemic, a process marked by significant differences between advanced and emerging economies. Elsewhere, lockdowns in China as part of its strict zero-COVID policy further undermined growth last year.

Those circumstances combined to spark a widespread increase in energy prices for much of the year, in turn prompting many central banks to tighten their monetary policies. As a result, the global economy bucked expectations and slowed across the board in 2022, with inflation reaching the highest levels in a decade.

In its most recent set of macroeconomic forecasts, the World Bank¹ reports global growth of 2.9% in 2022 (down from 5.9% in 2021), forecasting an even more pronounced slowdown in growth, to 1.7%, in 2023. That is the lowest growth rate in three decades outside the years of the COVID-19 and financial crises. That forecast is 1.3 percentage points below the World Bank's previous forecast, made six months earlier.

Weakness in the leading economies or an increase in geopolitical tensions could push the global economy into recession. However, China reopened its borders in January 2023, a development expected to have a positive impact on its economy.

Inflation started to rise sharply again from June 2022, averaging over 9% during the second half of the year, fuelled mainly by the growth in energy and food prices, affected by the situation in eastern Europe. Inflation has been spreading and intensifying, with the prices of many goods and services rising considerably.

The World Bank expects average inflation to fall from 7.6% in 2022 to 5.2% in 2023 and 3.2% in 2024. Specifically, it expects energy prices to correct sharply throughout 2023, helping

to push headline inflation considerably lower. Nevertheless, inflation is expected to remain high in the medium term in advanced, emerging and developing economies alike. In Spain, inflation ended the year at 5.7% year-on-year, down more than one point from the November reading, to put the average rate for 2022 at 8.4%, the highest in 36 years.

Monetary policy was tightened in many countries during the second half of the year in a bid to curb rampant inflation, with the main central banks increasing their benchmark rates a number of times. The universe of risks facing the economy has increased considerably and the room for policy mitigation is narrowing.

In light of those circumstances, multilateral efforts remain essential to responding to the humanitarian crisis, preventing greater economic fragmentation, preserving global liquidity, managing debt, tackling the climate crisis and putting an end to the pandemic.

As for the Spanish economy, the International Monetary Fund (IMF) expects the country's GDP to drop from 5.2% in 2022 to 1.1% in 2023 (down 0.1pp from its last forecast). For 2024, it is forecasting GDP growth of 2.4%, down 0.2pp from its previous forecast.

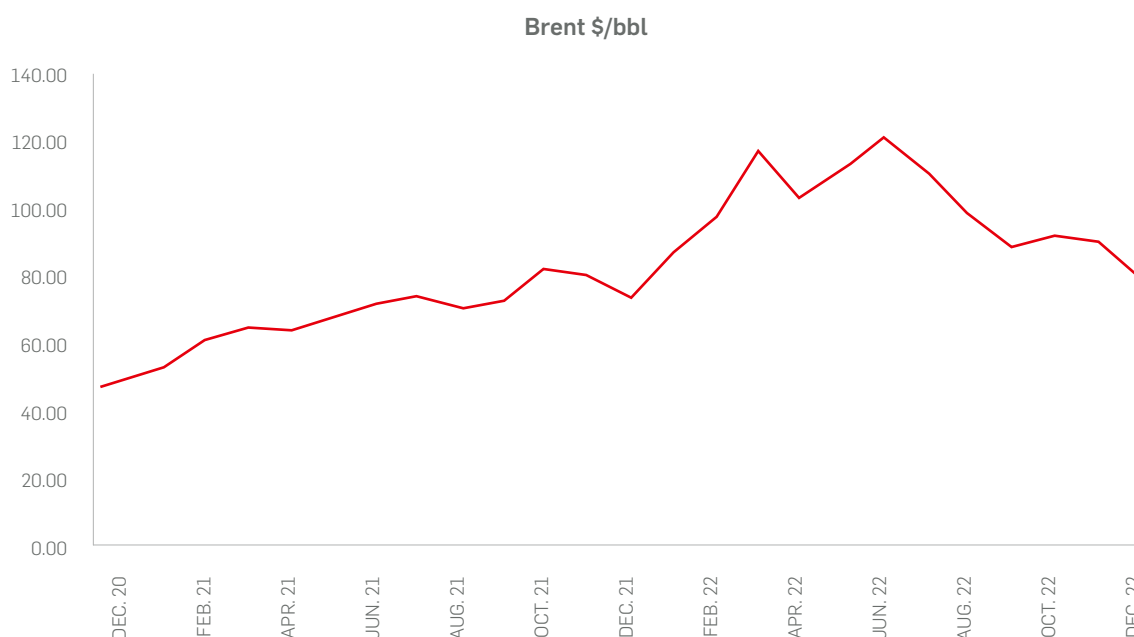
In line with the IMF, the Bank of Spain has been flagging uncertainties around the economic outlook, particularly how events play out in eastern Europe and the economic repercussions. Against that backdrop, the Bank of Spain has trimmed its growth forecasts and is currently estimating growth of 4.6%, 1.3% and 2.7% in 2022, 2023 and 2024, respectively (5.4%, 3.9% and 1.8% in its December report). It has also increased its inflation forecasts: inflation is now expected to fall from 8.4% in 2022 to 4.9% in 2023 and 3.6% in 2024 (3.7%, 1.2% and 1.5% as of December).

¹ Global Economics Prospects. January 2023.

4.1.2 Sector environment

OIL PRICES (BRENT) AND SUPPLY

The chart below depicts the trend in Brent crude oil prices over the past two years



Prices started 2022 at high levels due to the recovery in demand in the wake of the pandemic, coupled with the quota cuts announced by OPEC in 2021. That situation, exacerbated by the prevailing uncertainty, saw prices rally to levels not seen since 2008.

Other factors shaping the market included the shortage of supplies on account of the situation in Ukraine, the strength of the dollar and Chinese economic weakness. The recovery of demand to pre-pandemic levels and the production cuts announced by OPEC+ (2 million barrels per day) kept prices high for much of the year.

However, the main trigger for the price rally was the onset of the crisis in eastern Europe, a situation which led to the West imposing economic sanctions on Russia. Those sanctions, against one of the world's biggest oil and gas producers, sent prices soaring to over 130 \$/bbl in early March. Those events, coupled with the prospect of a global recession and tighter monetary policy, weighed on prices.

Towards the end of the year, however, supply exceeded demand by more than 1 million barrels per day ("mb/d"), despite the OPEC cuts and supply interruptions in the US due to inclement weather. In parallel, the zero-COVID policies

implemented in several Chinese cities had a significant impact on demand, driving prices lower towards the end of the year.

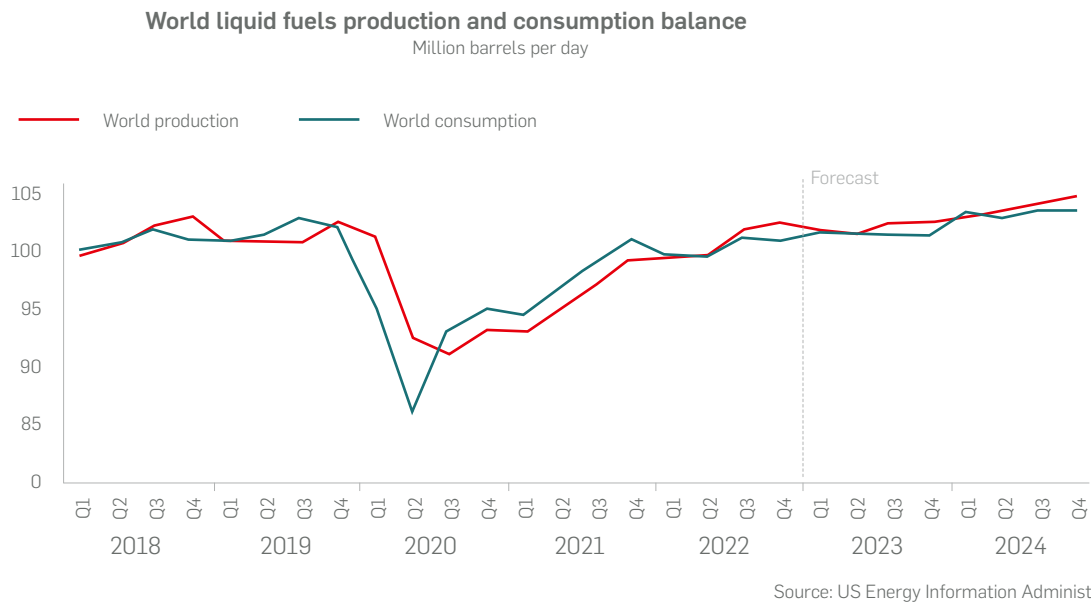
Global oil supply growth is expected to ease to 1 mb/d in 2023, having jumped by 4.7 mb/d in 2022, led by OPEC+. The overall increase of 1.9 mb/d in non-OPEC+ producer nations is expected to be partially offset by a reduction of 870 kb/d in OPEC+ production due to the drop anticipated in Russia.

So far in 2023, oil futures have once again risen sharply, pointing to Brent prices of close to \$90/b. The main contributing factors have been the reopening of the Chinese economy and brighter prospects for global growth.

In addition, the EU ban on the purchase of Russian oil and gas takes effect from 5 February 2023, rounding out the embargo in Russian oil and the price cap of \$60/b already in place since December 2022. That ban is expected to drive price tightening, particularly in diesel products.

While lower oil prices provide relief for consumers facing surging inflation, the overall impact of the embargoes on Russian oil and product supplies remains to be seen.

TREND IN GLOBAL OIL AND GAS PRODUCTION AND DEMAND



Global crude oil inventories are expected to increase in 2023, specifically by 0.6 mb/d on average, as production is expected to outpace consumption.

In October 2022, OPEC+ announced production cuts of 2.0 mb/d in a signal of strength to the market in a complex environment shaped by falling prices, concerns over demand trends, production issues and sanctions on Russian oil. That cut was ratified at a meeting held on 1 February 2023.

In its January 2023 report, the US government's Energy Information Administration (EIA) estimated average global liquid fuels production at 102.8 million barrels per day (b/d) in 2024, compared to 100mb/d in 2022, driven by significant growth in non-OPEC+ output. However, there is lingering uncertainty around Russian oil supply, particularly in early 2023. Global liquid fuels consumption, meanwhile, is forecast to increase from 99.4 mb/d on average in 2022 to 102.2 mb/d in 2024.

The slow recovery in demand anticipated in the first half of 2023 foreshadows an ongoing accumulation of inventories such as that observed from the third quarter of 2022. Demand for oil spiked during the third quarter of 2022 thanks to stronger than expected transport fuel consumption in the OECD. In the fourth quarter, OECD demand fell back by 900 kb/d, shaped by weak industrial activity and weather conditions, whereas in non-OECD countries, demand firmed by 500 kb/d.

According to the International Energy Agency (IEA), global demand for oil will increase by 1.9 mb/d in 2023 to a record 101.7 mb/d. Almost half of that demand is expected come from China after lifting its COVID restrictions. Aircraft fuel remains the biggest source of growth: an increase of 840 kb/d.



REGULATIONS

The regulatory landscape is becoming increasingly complex and influential in the energy industry, primarily in developed economies, where (ever more unpredictable) new regulations, environmental requirements and technical product specifications are becoming more and more stringent, while the market is demanding cleaner products.

Between COP-21 (held in Paris in 2015) and COP-26, organised in Glasgow at the end of 2021, energy transition has been climbing agendas worldwide, in line with growing social and political awareness. COP-26 went a step further by bringing forward the requirement to revise carbon emission action plans for 2030 to year-end 2022, instead of 2025, as established in Paris. Against that backdrop, governments are legislating with a strong focus on the energy transition.

In parallel, financial institutions are tightening their lending criteria, layering in sustainability demands.

We are working to foster and facilitate the energy transition inside and outside of the organisation, as was evident in presentation last March of our Positive Motion strategy, articulated around company transformation and ambitious emission reduction targets in response to climate change.

In a pioneering move in October 2022, we agreed the extension of our syndicated loan, agreeing for the first time to tie its financial cost to delivery of environmental and social indicators.



REFINING MARGINS

The European refining market faces a structural drop-off in demand, which is expected to peak in 2030 and then start to trend lower. While the main threats come from surplus refining capacity in Europe and new refineries in Asia, the above-mentioned regulatory thrust, coupled with increasingly stringent environmental requirements, are significantly impacting refining margins and their variability.

In 2022, refining margins began low. However, the economic recovery in the West sparked strong demand which improved the industry's outlook and drove margin expansion.

During the first quarter, Brent prices shot up to 10-year highs, reaching \$130/b, fuelled mainly by the recovery in demand and significant tension in the European oil and gas markets, heavily dependent on Russian crude and distillates.

Although the initial sanctions against Russia had little effect on energy commodities, they did steer the market to a new phase, piling further pressure on the energy markets. Energy product prices, such as TTF (the natural gas benchmark in Europe), reached unprecedented levels, significantly impacting European refining margins. Exceptionally low stocks of light and middle distillates worldwide drove growth in jet, gasoil and petrol crack spreads, driving refining margins to relatively high levels.

The second quarter was marked by stagnation in the armed conflict and an increasingly tight macroeconomic situation. Historically-low light and middle distillate inventories and growth in demand, helped by the start of the summer season in the US, drove product spreads to unprecedented levels, further bolstering refining margins.

At the end of the first half a new package of sanctions was levied on Russia with the aim of banning crude and distilled product imports by the end of the year, while the flow of gas from Russia to Europe, primarily via the Nord Stream 1 pipeline, faced several cuts. All that put further pressure on the main energy commodities in Europe, fuelling energy costs and driving refining margins to all-time highs.

In the third quarter, refining margins eased but remained at historically high levels, shaped mainly by the growth in energy costs, especially natural gas and electricity, a reduction in light and middle distillate spreads and a drop in oil and gas prices against the backdrop of ongoing volatility. Global distillate production rebounded while demand that continued to ease, weighed down by new lockdowns in China.

Margins likewise remained high during the fourth quarter, buoyed by government aid and strong spreads (in light and middle distillates), in turn underpinned by restrictions on the purchase of Russian oil and gas from the end of the year and the reopening of China after ditching its zero-COVID policy.

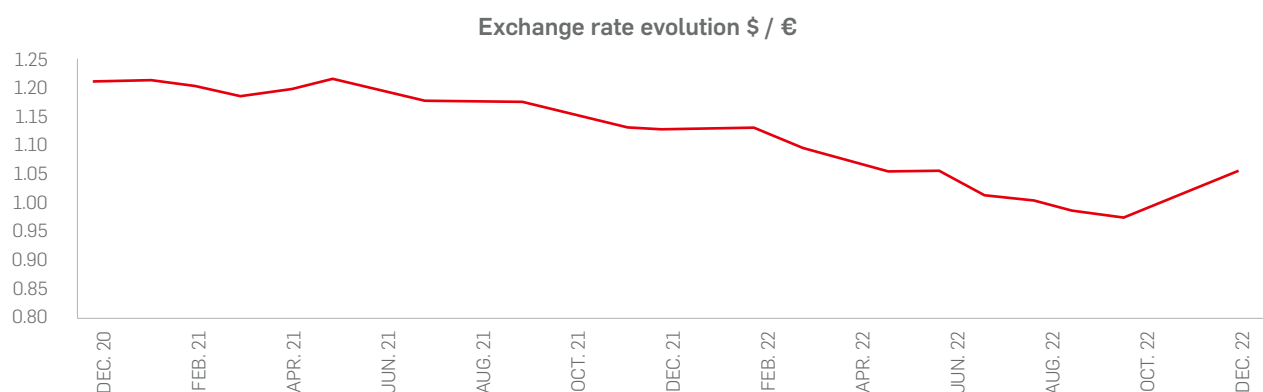
2023 is expected to be another year of relatively high margins, underpinned by historically-low oil and gas product inventory levels. Margins are expected to ease in the following years due to the forecast slowdown in economic growth and elimination of the global supply chain bottlenecks.



EXCHANGE RATES

The euro weakened against the dollar in early 2022, hurt by the fallout from the Omicron variant, which hit Europe hard towards the end of 2021. The Federal Reserve's rate tightening in 2022, more aggressive than that of the European Central Bank, designed to mitigate the impact of

rampant inflation and the energy crisis derived from the war in Ukraine, caused the euro to fall below parity against the dollar. However, the European single currency rebounded towards the end of 2022, ending the year at \$/€1.07.





4.2 ECONOMIC AND OPERATIONAL PERFORMANCE



Results (million of euros)	2022	2021
Revenues (*)	33,446	24,532
EBITDA IFRS (**)	3,262	2,194
Clean CCS EBITDA	2,939	1,815
Net income IFRS	1,100	661
Clean CCS Net income	790	310

Financial data (million of euros)	2022	2021
Share capital	268	268
Total equity attributable to shareholds of the parent	4,706	4,170
Net financial debt excluding IFRS 16 impact	2,756	2,759
IFRS Capital Employed	8,283	7,753
Cash Flow from operations	1,549	1,306
Free Cash Flow	901	915
Investments during the year	743	473
<i>Sustainable</i>	185	126
<i>Growth</i>	327	175
<i>Maintenance</i>	231	172

(*) Excise tax oil and gas included

(**) International Financial Reporting Standards





Environment data	2022	2021
Dated Brent oil price (\$/bbl)	101.2	70.7
Annual average exchange rate (€/€)	1.05	1.18
Spanish pool price (€/MWh)	167.5	111.9
Dutch TTF Natural Gas price (€/MWh)	120.5	45.7

Markets and business data	2022	2021
Working interest crude production (kbopd)	82.8	73.9
Net entitlement Crude Oil prod. (kbopd)	69.6	61.3
Realized oil price (\$/bbl)	97.7	68.2
Crude Oil Sales (million bbl)	22.3	18.7
Crude oil distilled (million of barrels)	151.1	145.2
Refining output (mton)	20.7	20.3
Refining utilization (%)	84%	81%
Refining margin (\$/bbl)	9.6	3.7
Commercial product sales (mton)	17.7	16.2
Chemical products sales (mton)	2.5	2.9
Electricity production (GWh)	2,896	2,719
Installed renewable power capacity (MW)	28.9	28.9
Natural Gas Sales (GWh)	25,468	34,374





4.3 ANALYSIS OF CONSOLIDATED RESULTS



A) OVERALL TREND DURING THE YEAR

Million of euros

Key Indicators	2022	2021
Revenues (*)	33,446	24,532
Clean CCS EBITDA	2,939	1,815
EBITDA IFRS (**)	3,262	2,194
Clean CCS Net income	790	310
Net income IFRS	1,100	661
Cash Flow from operations	1,549	1,306
Free cash flow	901	915
Investments during the year	743	473

(*) Excise tax oil and gas included

(**) International Financial Reporting Standards

Cepsa registered a significant increase in EBITDA during 2022 to €2,939m versus €1,815m in 2021 (+62%), as a result of improved market conditions and higher commodity prices and refining margins, while management-led optimization initiatives continued to contribute to improved performance in all business and functional areas. IFRS EBITDA stood at €3,262m.

CCS Net Income in 2022 was €790m, a significant improvement versus €310m registered in 2021, boosted by higher EBITDA and improved equity subsidiaries results. IFRS Net Income was €1,100m.

Cash flow from operations after working capital stood at €1,549m, a 19% increase from 2021 due to improved results, although impacted by higher tax payments, particularly in the Upstream business.

Capex increased during the year to €743m, as Cepsa grew its investments on sustainable businesses as it starts to implement its 2030 Positive Motion strategy. With regards

to M&A activities, Cepsa acquired the 28% stake which it did not own of its LAB Chemical subsidiary in Brazil, Deten Química, from Petrobras.

The segment breakdown of adjusted EBITDA and Profit/(loss) is as follows:

Million of euros

	2022	2021
Exploration & Production	1,868	905
Energy	828	570
Chemicals	382	461
Corporation	(139)	(121)
Clean CCS EBITDA	2,939	1,815

These follows a breakdown of investments by business segment:

Million of euros

	2022	2021
Energy	365	249
<i>Sustainable</i>	111	62
<i>Growth</i>	49	52
<i>Maintenance</i>	205	135
Chemicals	169	61
<i>Sustainable</i>	68	61
<i>Growth</i>	101	-
Exploration&Production	183	140
<i>Growth</i>	171	116
<i>Maintenance</i>	12	24
Corporation	26	23
<i>Sustainable</i>	5	3
<i>Growth</i>	6	7
<i>Maintenance</i>	14	13
Total	743	473

B) REPLACEMENT COST ADJUSTMENTS AND NON-RECURRING ITEMS

Million of euros

	2022	2021
Clean CCS EBITDA	2,939	1,815
CCS adjustment (replacement cost valuation)	480	470
Non-recurring items	(158)	(92)
EBITDA IFRS (*)	3,262	2,193

(*) International Financial Reporting Standards

Non-recurring items include the difference in the value of inventories between the average cost method used in the Consolidated Financial Statements and the replacement cost method used to measure operating segments.

The replacement cost method provides a more realistic picture and therefore a better understanding of the underlying of performance of the business segments, while assists when making comparisons between years. In the replacement cost method, the cost of sales is determined with reference to average monthly prices 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.

Additionally, the Group considers as "Others non-recurring items" those detailed in Note 6.3 of the 2022 Consolidated Financial Statements. Highlight in 2022 the exceptional expenses associated with the transformation process in which the Group is immersed, the purpose of which is to provide the businesses with greater flexibility.

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' profits.



C) SEGMENT REPORTING

ENERGY SOLUTIONS

Key indicators	2022	2021
Crude oil distilled (million of barrels)	151.1	145.2
Refining utilization (%)	84%	81%
Refining output (mton)	20.7	20.3
Refining margin (\$/bbl)	9.6	3.7
Natural Gas Sales (GWh)	25,468	34,374
Electricity production (GWh)	2,896	2,719
Installed renewable power capacity (MW)	28.9	28.9
Spanish pool price (€/MWh)	167.5	111.9
Dutch TTF Natural gas price (€/MWh)	120.5	45.7
Product sales (million of tons)	17.7	16.2
<i>Fuels and motor fuels (million of tons)</i>	9.6	9.3
<i>Bunker sales (millions of tons)</i>	3.9	3.7
<i>Jet fuels (millions of tons)</i>	2.5	1.4
<i>Others (millions of tons)</i>	1.7	1.8
Number of service stations	1,760	1,753
Clean CCS EBITDA (million of euros)	828	570
Investments for the period (million of euros)	365	249
<i>Growth</i>	49	52
<i>Maintenance</i>	205	135
<i>Sustainable</i>	111	62



Operations

The Energy Parks business registered very positive results due to the improvement in market refining margins versus 2021. Refining margins for 2022 stood at 9.6\$/bbl versus the 3.7\$/bbl seen in the previous year. Refining operations during the period also improved, with utilization averaging 84% of installed capacity, an increase of 4% over the same period of 2021.

Volumes sold across the Commercial and Mobility segments increased during the year in sync with Spanish fuel demand (+4% vs 2021), with sales totaling 17.7mt in 2022 vs 16.2mt in 2021, an increase of 9%, benefiting from the extraordinary discounts offered by Cepsa. Since April 2022, Cepsa offered special fuel discounts whereby customers received up to

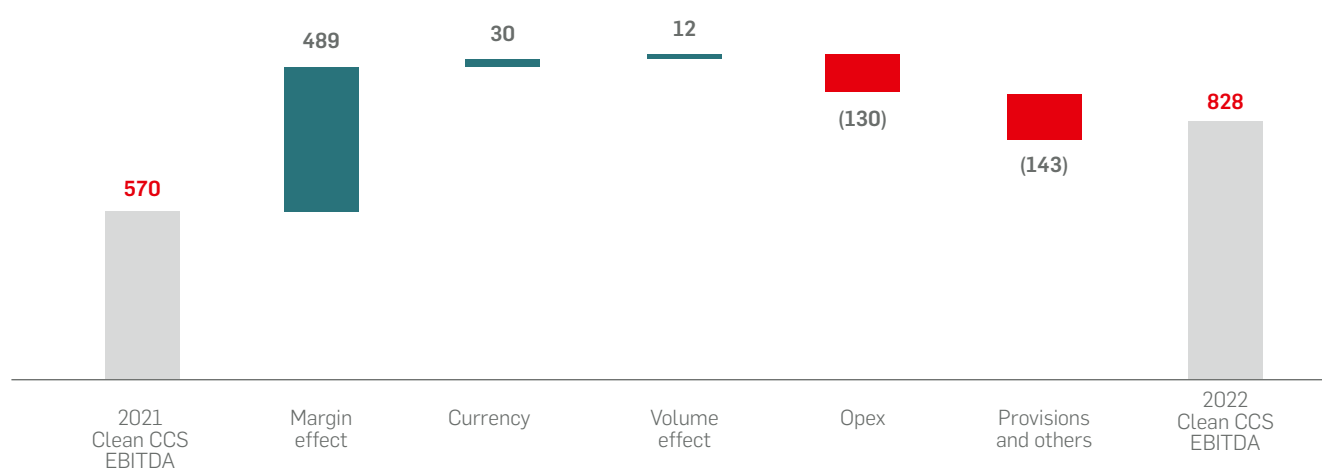
€50 cts/l, of which €20 cts/l were born by the Government of Spain, and an additional €30 cts/l provided by Cepsa, allowing over 12 million customers to save more than €130m.

The Trading business registered strong performance in 2022, benefiting from a more volatile market environment.

As per the Gas & Power business, Spanish electricity pool prices were remarkably higher versus last year, due to the rise in gas prices, with an average of 167.5 €/MWh in 2022 compared to 111.9 €/MWh in 2021 (+50%). Cepsa increased its power production increased to 2,896GWh, +7% compared with 2021.

Results

Adjusted EBITDA evolution Dic21 - Dic22 (M€)



Clean CCS EBITDA for Cepsa's Energy segment stood at €828m during the year, a meaningful increase of 45% compared with the €570m of 2021, in sync with demand and margin recovery.

Capex for the year stood at €365m, 46% higher when compared to 2021. Sustainable capex increased by 79% vs the previous year, mainly focused on the deployment of the company's EV chargers network and other sustainable investments.

CHEMICALS

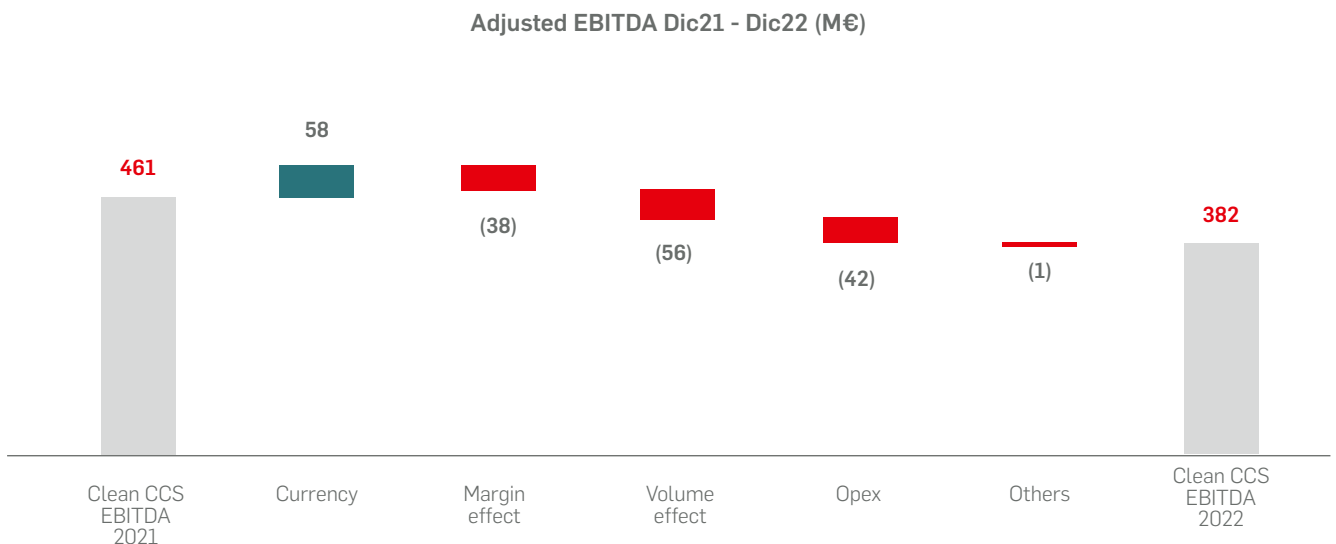
Key indicators	2022	2021
Product sales (kton)	2.49	2.94
LAB / LABSA	0.66	0.67
Phenol / Acetone	1.31	1.61
Solvents	0.52	0.66
Clean CCS EBITDA (million of euros)	382	461
Investments for the period (million of euros)	169	61
Growth	101	-
Sustainable	68	61

Operations

In 2022, overall performance in Chemicals showed resiliency, especially in the Surfactants segment, despite the unfavorable market context.

Total product sales decreased by 15% compared to 2021, mainly due the inflationary environment and the energy crisis, which negatively impacted demand and margins, especially in the Intermediates segment.

Results



Chemicals Clean CCS EBITDA stood at €382m in 2022, below the €461m registered in 2021, mainly as a consequence of the impact of increased energy costs and inflationary pressures, together with the fall in demand in the Intermediates segment, which has weighed on results.

Capex in 2022 stood at €169m, 179% above 2021 figure mainly due to the acquisition of a 28% stake in Deten.

EXPLORATION AND PRODUCTION

Key indicators	2022	2021
Working interest crude production (kbopd)	82.8	73.9
<i>MENA</i>	75.7	65.9
<i>LatAm</i>	7.1	8.0
Net entitlement Crude Oil prod. (kbopd)	69.6	61.3
Crude Oil Sales (million bbl)	22.3	18.7
Realized oil price (\$/bbl)	97.7	68.2
Dated Brent oil price (\$/bbl)	101.2	70.7
Clean CCS EBITDA (million of euros)	1,868	905
Investments for the period (million of euros)	183	140
<i>Growth</i>	171	116
<i>Maintenance</i>	12	24

Operations

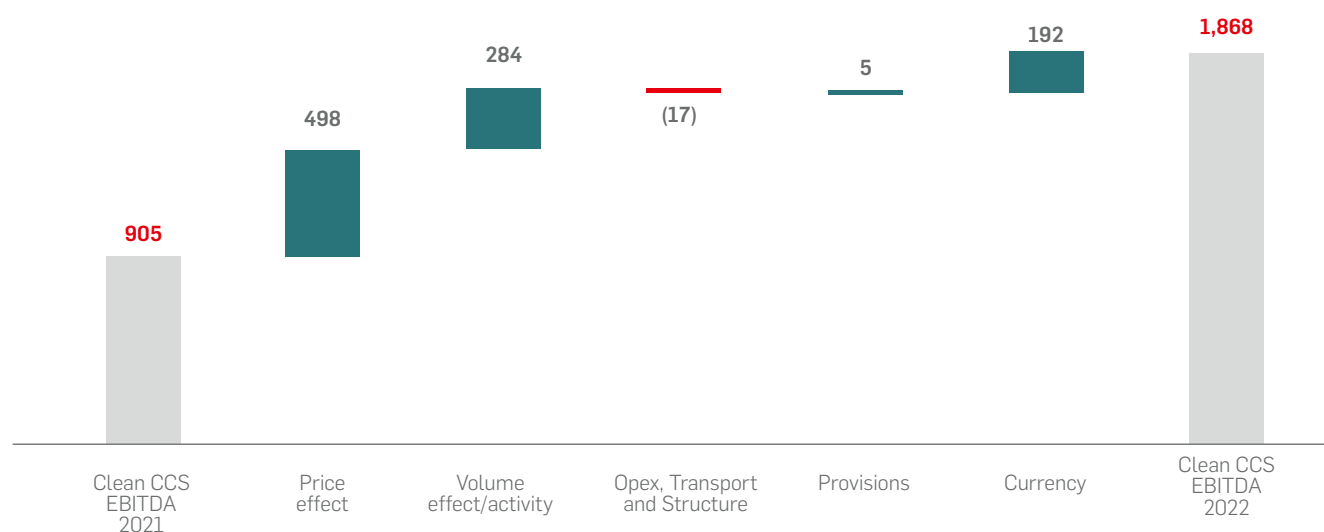
WI Production for the year reached 82.8 kbopd, representing an increase of 12% compared to the previous year (73.9 kbopd in 2021), benefitting from lower OPEC production restrictions, ramp-up production in Abu Dhabi and operational improvements in the fields to reduce natural decline.

Crude prices during 2022 stood at 101.2 \$/bbl (+43% YoY) due to the geopolitical tensions in Europe and the increase in global oil demand after Covid-19.

Two exploration wells (Rasper and Baja-1) were drilled during Q3'22 in the offshore Block-53 in Suriname. On August 23rd an oil discovery at Baja-1 was announced by Apache Corporation, Block-53 operator.

Results

Adjusted EBITDA evolution Dec21 - Dec22 (M€)



Significant improvement in Clean CCS EBITDA up to €1,868m (+106%) compared to €905m in 2021 due to the increase in crude prices (+43%), WI production (+12%) and cost efficiencies measures.

Capex during the year was mainly related to field's development in Abu Dhabi, the drilling of two exploration wells in Suriname and anticipation of Latam abandonment plan.

D) CONSOLIDATED GROUP ROACE

The Group's return on average capital employed is reflected in the following Adjusted ROACE:

Million of euros

		12.31.2022		12.31.2021	
Adjusted ROACE	=	Adjusted Net Operating Profit		453	
		Average Adjusted Capital Employed	8,018	7,616	
			= 11.6%		= 5.9%

This metric is used by Group management to assess the capacity of operating assets to generate profits and is

therefore a measure of the efficiency of invested capital (equity and debt).

E) TREASURY SHARES

At year-end 2022, the Company holds 168,760 treasury shares. These shares represent 0.03% of the share capital. At December 31, 2021, the Company held 156,671 treasury shares and its wholly-owned subsidiary "Magna Expergere, S.A.U." held 400,000 shares of the Company.

The treasury shares correspond to new shares, from capital increases carried out during the year 2021, and acquired by the Company to give greater flexibility to its shareholding structure.

F) SUBSEQUENT EVENTS

Pursuant to the application of the temporary energy tax, the CEPSA Group must pay this tax during the first twenty days of September 2023 in accordance with its 2022 revenue, making an advance payment of 50% during the first twenty days of February. The total amount payable on the 2022 tax is approximately 324 million euros.

On January 5, 2023, the Company signed an agreement to sell its 20% interest in the Satah Al Razboot (SARB), Umm Lulu, Bin Nasher and Al Bateel concession. It is expected to be in a position to close the transaction within the following weeks upon obtaining all necessary approvals and fulfilment of remaining conditions precedent included in the agreement. Thereafter, all rights and obligations related to the concession will be owned by the purchaser.

Subject to completion of the abovementioned SARB and Umm Lulu transaction, CEPSA will be in a position to sign an agreement for the sale of an indirect 12.88% interest in the Mubarraz concession, through the sale of shares representing 20% of the share capital of Cosmo Abu Dhabi Energy Exploration & Production Co. Ltd. This transaction will be subject to the relevant administrative approvals and fulfilment of other customary conditions precedent.

On February 1, 2023, the Shareholders' Meeting accepted the resignation tendered by Mr. Joost Dröge from the Board of Directors. On that same date, the Shareholders appointed Mr. Gregory Nikodem as a director, for a six-year term, in accordance with the Company's Articles of Association.





4.4 LIQUIDITY AND CAPITAL RESOURCES



A) CASH FLOWS

Million of euros

	2022	2021
EBITDA IFRS	3,262	2,194
Dividends received	23	15
Income tax payments/collections	(1,419)	(372)
Other operating cash flows	22	45
CF from operating activities before working capital	1,887	1,881
Changes in operational working capital	(338)	(575)
Cash flow from operating activities	1,549	1,306
Payments for investing activities	(653)	(501)
Charges for divestments	4	110
Total cash flows used in investing activities	(648)	(391)
Free cash flow before dividends and financing activities	901	915
Interest paid	(121)	(93)
IFRS 16 debt payments	(159)	(134)
Dividends paid	(588)	(528)
Proceeds/repayment of borrowings	(225)	(870)
Total Cash Flow from financing	(1,092)	(1,624)
Net increase / (decrease) in cash and cash equivalents	(192)	(710)

Cash flow from operations before working capital improved to €1,887m on the back of improved results, despite the negative impact of higher tax payments.

Capex payments in 2022 were above those of 2021 (€648m in 2022 vs €391m last year) due to the acquisition of the 28% stake in Deten activities and the increase in sustainable investments as Cepsa started to implement its Positive Motion

strategy. As such, sustainable capex payments for the year were €125m, representing 19% of the total amount.

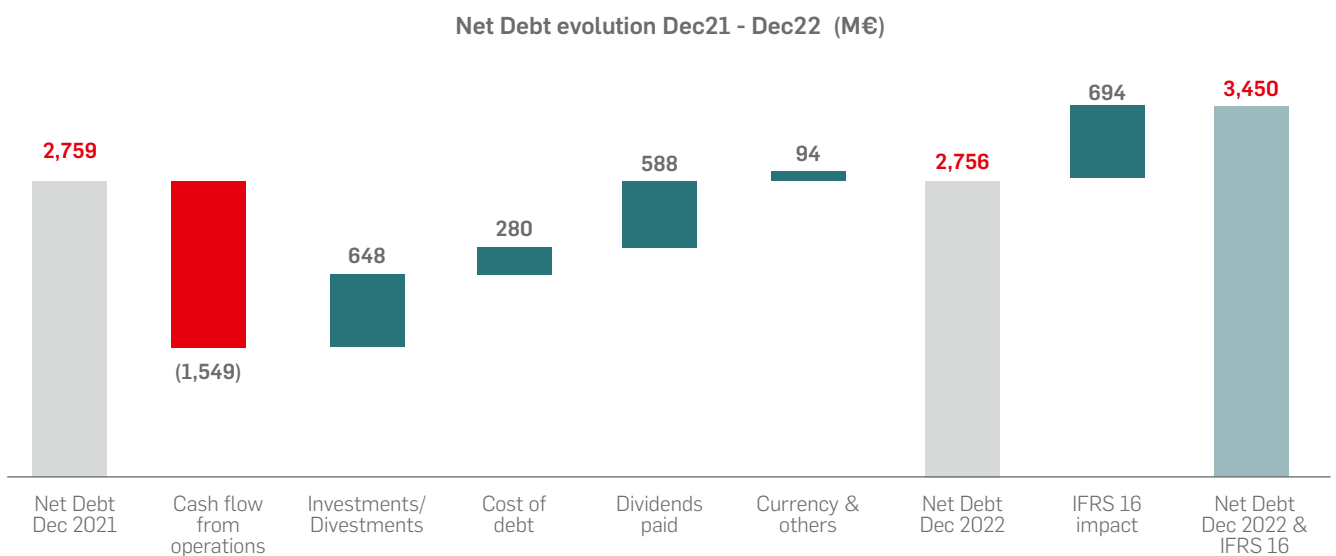
Free Cash Flow before dividends and financing activities stood at €901m, in line with previous year, despite higher taxes and the referred increase in capex related to Deten acquisition. Dividends paid amounted to €588m, resulting in a positive Net Free Cash flow for the year.

B) FINANCIAL POSITION

Net financial debt at 31 December 2022 stood at 2,756 million euros, similar to the figure as of December 2021 (2,759 million

euros). Net financial debt including IFRS 16 liabilities amounts to 3,450 million euros (3,446 million euros in 2021).

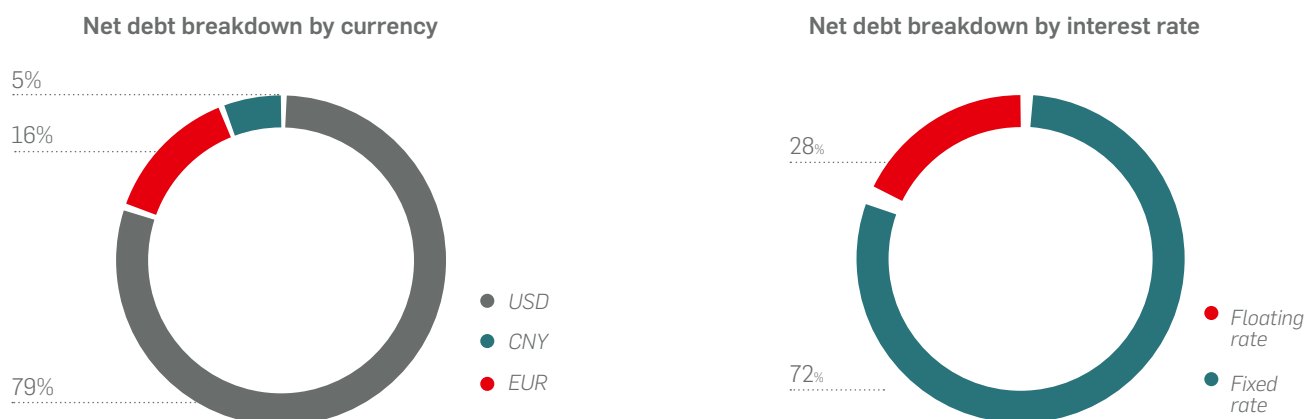
This chart shows the debt trend based on sources and applications of funds:



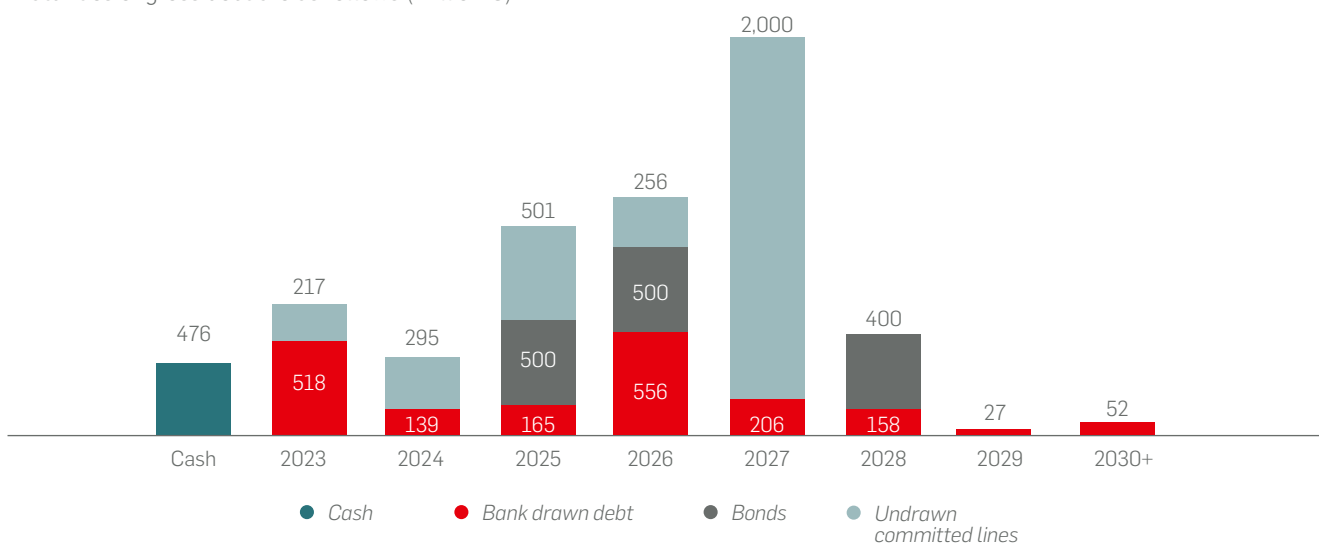
C) DEBT STRUCTURE AND MAIN FINANCIAL TRANSACTIONS

I. DEBT STRUCTURE AND MATURITIES

Net debt by currency and interest rate as of 31 December 2022 is analyzed below (including the impact of related derivatives and excluding IFRS 16 liabilities):



Maturities of gross debt are as follows (million €):



Cepsa has sufficient liquidity to cover maturities until 2027. As of 31st December 2022, the company had an average maturity of its Net Debt of 3.5 years.



II. MAIN FINANCIAL TRANSACTIONS

In 2022, as has been customary since the signing of the 2 billion euro syndicated revolving credit facility in 2014, approval was received from the 18 banks participating in this facility to extend its maturity for a further year and, for the first time, it has been agreed that its economic conditions will be linked to the fulfillment of environmental and social indicators. With unanimous consent therefrom, the maturity was extended to September 2027, notably improving CEPSA's liquidity quality. Of this amount, there were no amounts drawn down at the date of this document.

On September 13, 2022, CEPSA Finance launched a tender offer to repurchase part of its 2028 notes at a price of 85% of

its face value, for a maximum amount of 100 million euros. The purpose of the Offer was to decrease the Group's gross debt and is intended to optimize the Group's balance sheet structure. The offer was completed on September 20, and the entire target amount was repurchased at the offer price. The shares are listed on Euronext Dublin.

Our bonds are rated "Investment Grade" by the three main international rating agencies Moody's, S&P and Fitch. CEPSA's Investment Grade rating has been confirmed for 2022 following reviews in March, April and August by Fitch, S&P and Moody's, respectively.



D) FINANCIAL AUTONOMY RATIO AND LEVERAGE RATIO

The financial autonomy ratio (including IFRS 16 liabilities), expressed as the ratio of net debt to capital employed (defined as net debt plus equity), stood at 41.7% at year-end 2022,

compared with 44% in 2021. This decrease is mainly due to improved results versus the previous year.

Gearing ratio

Million of euros

	2022	2021
Non-current bank borrowings	3,210	3,818
Current bank borrowings	717	285
Cash and cash equivalents	(476)	(657)
Net debt	3,451	3,446
Equity	4,832	4,307
Capital Employed IFRS	8,283	7,753
Net Debt/(net debt +Equity)	41.7%	44.4%
IFRS 16 impact in net debt	694	687
Net debt paid (*)	2,756	2,759
Capital Employed IFRS (*)	7,588	7,066
Net Debt/(net debt +Equity) (*)	36.3%	39.0%

(*) Excluding IFRS 16 impact

Cepsa has achieved a very meaningful improvement in its leverage ratios since 2021, due to a material improvement in EBITDA.

Net debt to EBITDA ratio (excluding IFRS 16 liabilities) has gone from 1.64x in December 2021 to 0.99x in December 2022.

Leverage ratio

Million of euros

	2022	2021
Net debt	3,451	3,446
Adjusted EBITDA	2,939	1,815
Net debt / Adjusted EBITDA ratio	1.17x	1.90x
Net debt*	2,756	2,759
Adjusted EBITDA*	2,780	1,681
Net debt / Adjusted EBITDA ratio*	0.99x	1.64x

(*) Excluding IFRS 16 impact

E) CAPITAL EMPLOYED

In 2022, the Group's Capital Employed stood at 8,283 million euros (considering the effect of IFRS 16), compared with 7,753

million euros in December 2021. The segment breakdown is as follows:

Million of euros

Capital Employed IFRS by business segments	Energy	Chemicals	Exploration & Production	Corporation	Total
Capital Employed at 12/31/2022	4,659	1,478	2,293	(147)	8,283
Capital Employed at 12/31/2021	4,419	1,308	1,977	49	7,753
Variation 2022-2021	240	170	316	(196)	530

Shareholders' equity attributed to the parent company amounted to 4,706 million euros at year-end, which therefore financed 56% of the capital employed at that date.



APPENDIX

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Appendix

A photograph of a modern building with a glass facade and a curved, ribbed roof. In the foreground, a man sits on a low wall, and two women walk past, blurred. A planter with red flowers is on the wall.

5. APPENDIX

APPENDIX 1. ABOUT THIS REPORT

GRI: 2-2, 2-4, 2-14

Criteria and standards used to prepare this report

Our 2022 Integrated Report reaffirms our commitment to transparency and responds to our stakeholders' qualitative and quantitative information requests and needs.

New this year, we provide disclosures regarding our Positive Motion strategy, conceived to make us leaders in mobility and sustainable energy in Spain and Portugal and a benchmark for transition. We furnish relevant information about our new organisational structure, designed to enable us to continue to generate value, our businesses' performance during the year, the economic, environmental and social impacts they generated and the initiatives put in place to manage them. We also aligned the report's contents for the updated version of the Global Reporting Initiative (GRI) Standards and broadened certain disclosures as recommended by the Task Force on Climate-related Financial Disclosure (TCFD). In addition, we voluntarily included the absolute and relative amounts of eligible turnover, capital expenditure (CapEx) and operating expenditure (OpEx) as per the EU Taxonomy, specifically in accordance with Annexes I and II of Commission Delegated Regulation (EC) 2021/2178, of 6 July 2021.

The disclosures provided in this report likewise comply with the company's requirements under Spanish Law 11/2018 on non-financial and diversity reporting. As stipulated in that piece of legislation, our Board of Directors is the governing body that authorises the issue of this Integrated Report, following prior review and approval by the Audit, Compliance, Ethics and Risk (ACER) Committee, at the same time as it authorises the issue of the annual financial statements for submission at the General Shareholders' Meeting, so upholding the company's obligation to subject its non-financial information to the same approval, registration and publication criteria as its financial information.

[\[For further information, refer to Appendix 7, Sustainability index and contents\]](#)

This document includes non-financial information additional to that required under applicable prevailing company law. It was drawn up in on the basis of the revised 2021 version of the GRI Sustainability Reporting Standards, applicable from 2023, and includes the requirements set out in the Sector Standard for Oil and Gas (GRI 11). It follows the GRI reporting principles for ensuring the quality and proper presentation of the reported information (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability).

We also followed other widely regarded international reporting standards and frameworks: the International Integrated Reporting Framework, United Nations Global Compact principles, Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board's (SASB) sector-specific standards devised to help companies disclose financially-material sustainability information to investors. We also continued to report on our commitment and contribution to delivering the Sustainable Development Goals (SDGs).

The contents of this report were defined around the results of the company's previously conducted materiality assessment. Materiality was assessed using a methodology apt for covering and meeting all requirements under the GRI Standards and the GRI's principles for defining sustainability report content (stakeholder inclusion, sustainability context, materiality and completeness).

The information included in the 2022 Integrated Report has been assured by an independent third party under ISAE 3000 (scope: limited assurance).

Entities included in Cepsa's sustainability reporting

The scope of the non-financial information includes the entities controlled by Cepsa that are consolidated using the full or proportionate consolidation method.

It includes entities that have staff costs and production, storage or trading facilities.

This 2022 Integrated Report therefore includes the consolidated information of all of Cepsa with respect to its businesses' impacts and their performance along the economic, environmental and social dimensions, as well as any additional information needed to facilitate reader understanding of its results and performance.

In the event that the scope of any of the metrics provided in this report differs from that outlined above, its specific scope is itemised in the corresponding chapter and in the GRI, SASB and NFS content index. Likewise, any prior-year quantitative information that has been recalculated or restated is flagged in the corresponding chapter in order to enhance comparability of information between reporting periods.

APPENDIX 2. MATERIALITY

GRI: 3-1, 3-2

How we determine our material topics

In 2022, we updated our corporate materiality assessment to factor in key trends and stakeholder expectations¹. The conclusions from that process were used as the basis for the contents of this report.

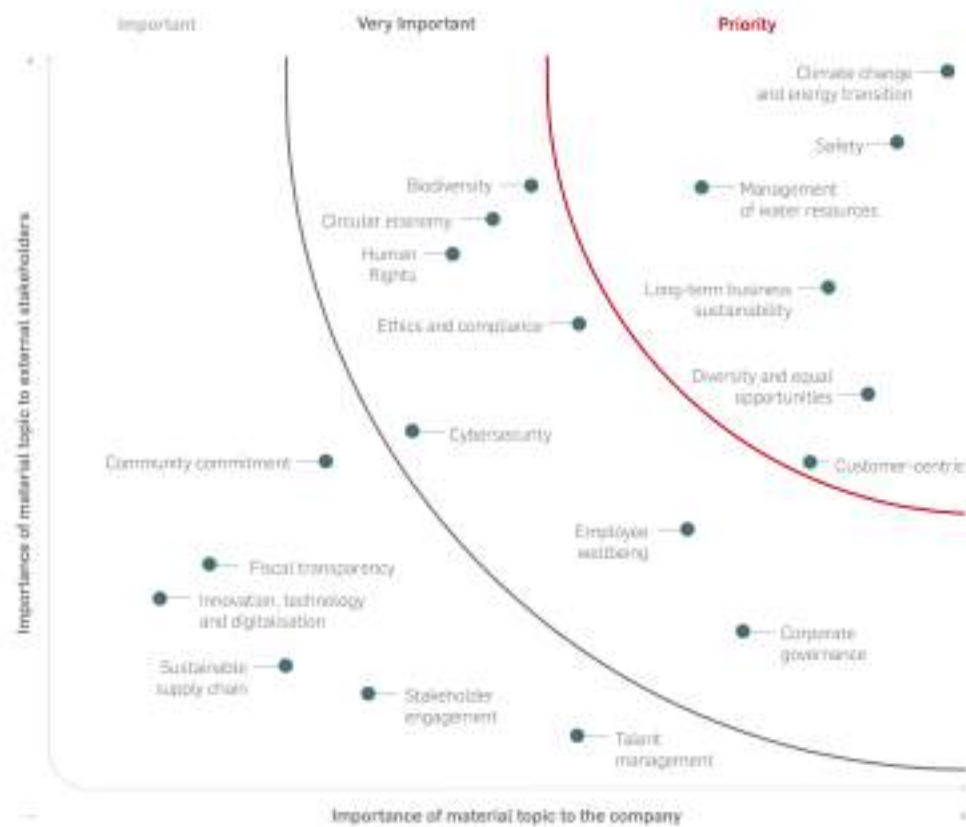
The GRI Standards' guidance on the preparation of sustainability reports require reporting organisations to conduct a materiality assessment in order to determine which content to address. That same requirement applies to the non-financial statements (NFS) drawn up by the companies subject to Spanish Law 11/2018, including Cepsa.

The materiality assessment methodology is purely data-based. To rank the topics by importance for the various stakeholders, previously identified and segmented, we carried out surveys, benchmarked other sector players and analysed mandatory and voluntary regulations, news items and social media posts. To calibrate their importance for the company, the final assessment was undertaken directly by our Management Committee during a dedicated working session based on matters weighted as a function of our corporate policies, our 2021 integrated report and our internal and external communication efforts during the past year.

That materiality assessment allowed us to determine the topics of greatest importance to the company and its stakeholders. We then categorised those topics as priority, very important or important.

¹ The stakeholders who participated in the material assessment included employees, banks, financial analysts, customers, local communities, environmental and social NGOs and suppliers. In addition to consulting those stakeholders, who participated actively in the process, we conducted analysis based on data, legislation and regulations, industry peers, investors and advocacy groups.

2022 Materiality matrix



The changes with respect to the 2021 assessment: 'Management of water resources' and 'Diversity and equal opportunities' have been moved to the priority category, while 'Sustainable supply chain' and 'Talent management' have been moved to the important category.

APPENDIX 3. SUSTAINABILITY PERFORMANCE

3.1 EU TAXONOMY

The EU Taxonomy Regulation is part of the European Commission's Action Plan on sustainable finance designed to redirect capital flows towards the Sustainable Development Goals and a carbon-neutral economy by 2050.

The EU Taxonomy is a system that classifies economic activities as environmentally sustainable. It introduces the following concepts:

- Taxonomy-eligible activities: those itemised in the delegated acts that supplement the Taxonomy Regulation (Regulation EU 852/2020);,
- Taxonomy-aligned activities: those that meet the following requirements:
 - a. They contribute substantially to one or more of the EU's six environmental objectives;
 - b. They cause no significant harm to any of the other environmental objectives;
 - c. They comply with the minimum safeguards; and
 - d. They comply with the set of technical screening criteria set down in the delegated acts supplementing the Taxonomy Regulation (Commission Delegated

The following disclosures on eligible and aligned activities includes activities that contribute substantially to the climate change mitigation and climate change adaptation objectives, in keeping with the technical screening criteria set down in the above-mentioned Delegated Regulations.

We want to become a key player in the energy transition, by diversifying our products and services and developing new and increasingly sustainable business lines. Although we are not subject to the Taxonomy Regulation, we believe the system provides us with an additional framework for assessing our strategic transformation. To that end, we have devised an internal methodology to allow us to identify and monitor our sustainable activities in line with the EU Taxonomy recommendations.

Next we provide information about the work methodology used, the accounting policies applied and the turnover, CapEx and OpEx (eligible and aligned) disclosures required under Annex II of Commission Delegated Regulation 2021/2178.

3.1.1. Cepsa's taxonomy-eligible and aligned activities

As prescribed in Annexes I and II of Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022, we have identified the economic activities listed in those acts that match the activities carried on by the company. The next table itemises our Taxonomy-eligible activities:

Taxonomy-eligible activities

Taxonomy activity code	Description of the activity
3.10. Manufacture of hydrogen	Production of hydrogen in industrial facilities
3.14. Manufacture of organic basic chemicals	Production of aromatic chemical molecules and chemical molecules for biodegradable detergents and for industrial plastics
4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids	Production of biofuels and co-processing activities at the Energy Parks
4.1. Electricity generation using solar photovoltaic technology	Development of solar power plants (photovoltaic)
4.3. Electricity generation from wind power	Operation of wind farms
4.29. Electricity generation from fossil gaseous fuels	Production of electricity at a conventional natural gas combined cycle plant
4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Co-generation of electricity and heat at a conventional thermal power plant using high-efficiency natural gas (combined heat and power)
6.15. Infrastructure enabling low-carbon road transport and public transport	Installation of EV charging infrastructure across the service station network
7.6. Installation, maintenance and repair of renewable energy technologies	Installation and maintenance of solar panels across the service station network
9.1. Close to market research, development and innovation	Research centre activities

It is worth mentioning that the business units that contribute the most in terms of eligibility and alignment are Energy Parks, Chemicals and Commercial & Clean Energies business units. This is mainly due to the fact that a large part of the activities carried out by these divisions are related to activities defined by the Taxonomy (production of hydrogen, biofuels and base chemicals in the case of Energy Parks, base chemicals in Chemicals, and energy generation from renewable energy and from natural gas and biofuels in Commercial & Clean Energies).

The results obtained in terms of CapEx reflect the progress made to increment our portfolio of sustainable activities. These investments will make the aligned revenue figures to be increasingly higher in the coming years.

3.1.2. Activity selection, data gathering and validation process

To provide disclosures on our EU Taxonomy eligible and aligned economic activities, we segmented each of our activities to determine which are eligible. Based on the universe of eligible activities so identified, we analysed them for alignment (substantial contribution limits and requirements and DNSH criterion ('Does Not Significantly Harm')), considering the technical characteristics of the facilities where our activities are located.

Specifically in relation to the DNSH screening with respect to climate change adaptation, we analysed physical risks based on IPCC scenarios RCP 1.9, RCP 2.6 and RCP 4.5, also considering adaptation measures to tackle the physical risks that are most material for our operations.

Elsewhere, we checked for compliance with the Minimum Safeguards (minimum human rights, tax payment, fair trade and anti-corruption requirements) based on the guidelines established by the EU Platform on Sustainable Finance's Final Report on Minimum Safeguards. Although that report is not binding, it does provide a benchmark for verifying compliance with the minimum safeguards.

Having identified all our eligible and aligned economic activities, we allocated the turnover, CapEx and OpEx corresponding to each based on information obtained from the Company's accounting systems. This process has enabled to obtain the numerators of the eligibility and alignment KPIs. In addition, in the case of the activities related with the production of eligible chemical substances, we allocated the corresponding CapEx and OpEx to each chemical compound on the basis of the volumes produced in each production line. In all instances, the process was sufficiently granular to ensure the absence of any double counting.

3.1.3. Accounting policy

The percentage of turnover accounted for by Taxonomy-eligible and aligned activities was calculated by dividing consolidated revenue from the sale of products and services associated with those activities (numerator) by the Group's total consolidated revenue (denominator) for 2022.

The turnover KPI used in the denominator is based on our consolidated revenue under IAS 1.82(a). Our consolidated revenue can be cross-checked against our consolidated financial statements. For more information about our earnings performance, refer to "Consolidated earnings analysis" in our 2022 Integrated Report.

The CapEx KPI is defined as Taxonomy-eligible and/or aligned CapEx (numerator) divided by total CapEx total (denominator). Total CapEx is calculated as additions to property, plant and equipment and intangible assets during the year, before depreciation and amortisation charges, including those derived from revaluations and impairment charges, and excluding fair value changes. The numerator consists of the CapEx related with assets or processes associated with the Taxonomy-aligned activities. Note that total CapEx can be cross-checked against the totals under the column "Additions/(Charges) for the year" disclosed in note 8, "Intangible assets" and note 10 "Property, plant and equipment" of our annual financial statements.

The OpEx KPI is defined as Taxonomy-eligible OpEx (numerator) divided by total OpEx total (denominator). Total OpEx consists of direct costs that are not capitalised; they related to research and development costs, office refurbishment expenses, short-term leases, maintenance and repair costs and any other direct expenditure related with the daily servicing of our assets. Our total OpEx cannot be cross-checked against our consolidated financial statements.

3.1.4. Taxonomy KPI disclosure tables as per Annex II of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

Substantial contribution criteria										DNSH criteria (‘Does Not Significantly Harm’)										
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category (E: enabling activity) (20)	Category (T: transitional activity) (21)
																			E	T
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of hydrogen	3.10.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-
Manufacture of basic chemical products	3.14.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	T
Electricity generation using solar photovoltaic technology	4.1.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-
Electricity generation from wind power	4.3.	5,852	0.02%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.02%	n.a.	-	-
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-
Infrastructure enabling low-carbon road transport and public transport	6.15.	22	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	E	-
Installation, maintenance, and repair of renewable energy technologies	7.6.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	E	-
Close to market research, development and innovation	9.1.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	E	-
Total A.1.	-	5,875	0.02%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.02%	n.a.	-	-

Substantial contribution criteria				DNSH criteria ('Does Not Significantly Harm')																
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category (E: enabling activity) (20)	Category (I: transitional activity) (21)
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of hydrogen	3.10.	0	0.00%																	
Manufacture of basic chemical products	3.14.	3,215,411	9.61%																	
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	9,580	0.03%																	
Generation of electricity from gaseous fossil fuels	4.29.	0	0.00%																	
High efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	4.30.	692,192	2.07%																	
Total A.2.	-	3,917,182	11.71%																	
Total (A.1 + A.2)		3,923,057	11.73%														0.02%		n.a.	
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																				
Turnover of Taxonomy-noneligible activities (B)		29,523,391	88.27%																	
Total (A + B)		33,446,448	100%																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

Substantial contribution criteria										DNSH criteria (‘Does Not Significantly Harm’)												
Economic activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category (E: enabling activity) (20)		Category (T: transitional activity) (21)	
																			E	T	E	T
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
Manufacture of hydrogen	3.10.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-		
Manufacture of basic chemical products	3.14.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	T		
Electricity generation using solar photovoltaic technology	4.1.	19,777	3.08%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	3.08%	n.a.	-	-		
Electricity generation from wind power	4.3.	186	0.03%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.03%	n.a.	-	-		
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-		
Infrastructure enabling low-carbon road transport and public transport	6.15.	12,669	1.97%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	1.97%	n.a.	E	-		
Installation, maintenance, and repair of renewable energy technologies	7.6.	1,640	0.26%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.26%	n.a.	E	-		
Close to market research, development and innovation	9.1.	1,604	0.25%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.25%	n.a.	E	-		
Total A.1.	-	35,877	5.59%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	5.59%	n.a.	-	-		

Economic activities (1)	Code (2)	Substantial contribution criteria							DNSH criteria (‘Does Not Significantly Harm’)							Category (T: transitional activity) (21)	Category (E: enabling activity) (20)	Taxonomy-aligned proportion of turnover 2021 (19)	Taxonomy-aligned proportion of turnover 2022 (18)
		Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of hydrogen	3.10.	8,439	1.31%																
Manufacture of basic chemical products	3.14.	67,333	10.49%																
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	6,115	0.95%																
Generation of electricity from gaseous fossil fuels	4.29.	0	0.00%																
High efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	4.30.	17,607	2.74%																
Total A.2.	-	99,495	15.50%																
Total (A.1 + A.2)		135,371	21.09%													5.59%	n.a.		
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																			
Turnover of Taxonomy-noneligible activities (B)		506,494	78.91%																
Total (A + B)		641,865	100%																

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2022

Substantial contribution criteria										DNSH criteria (‘Does Not Significantly Harm’)											
Economic activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover 2022 (18)	Taxonomy-aligned proportion of turnover 2021 (19)	Category (‘E’: enabling activity) (20)	Category (‘T’: transitional activity) (21)	
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of hydrogen	3.10.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-	
Manufacture of basic chemical products	3.14.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	T	
Electricity generation using solar photovoltaic technology	4.1.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-	
Electricity generation from wind power	4.3.	457	0.17%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.17%	n.a.	-	-	
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	-	-	
Infrastructure enabling low-carbon road transport and public transport	6.15.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	E	-	
Installation, maintenance, and repair of renewable energy technologies	7.6.	11	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	E	-	
Close to market research, development and innovation	9.1.	0	0.00%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.00%	n.a.	E	-	
Total A.1.	-	468	0.17%	100%	0%	n.a.	n.a.	n.a.	n.a.	-	Y	Y	Y	Y	Y	Y	0.17%	n.a.	-	-	

Economic activities (1)	Code (2)	Substantial contribution criteria							DNSH criteria (‘Does Not Significantly Harm’)							Category (T: transitional activity) (21) Category (E: enabling activity) (20)	Taxonomy-aligned proportion of turnover 2021 (19)	Taxonomy-aligned proportion of turnover 2022 (18)
		Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of hydrogen	3.10.	646	0.24%															
Manufacture of basic chemical products	3.14.	28,417	10.62%															
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	1,560	0.58%															
Generation of electricity from gaseous fossil fuels	4.29.	0	0.00%															
High efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	4.30.	7,057	2.64%															
Total A.2.	-	37,681	14.09%															
Total (A.1 + A.2)		38,149	14.26%													0.17%	n.a.	
B. TAXONOMY NON-ELEGIBLE ACTIVITIES																		
Turnover of Taxonomy-noneligible activities (B)		229,371	85.74%															
Total (A + B)		267,520	100%															

Note: with regard to these tables, we also note that Cepsa carries out activities related to the operation of electricity generation facilities that use natural gas and cogeneration of electricity and heat facilities that use natural gas (activities 4.29. and 4.30. according to Annex I of Delegated Regulation 2022/1214). Consequently, and according to the provisions of Delegated Regulation 2022/1214, it is reported that this type of activities are, in their entirety, eligible, not aligned activities, and that this type of activities suppose, from an income, CapEx and OpEx perspective, 17.7%, 17.7% and 18.7% (respectively) of total revenues, CapEx and OpEx of total eligible, not aligned activities.

3.2 CORPORATE GOVERNANCE

[GRI 2-12] Role of the highest governance body in overseeing the management of impacts

The Board of Directors' responsibilities include approving the group's strategic objectives and general policies and ensuring that they are complied with and implemented. The Board of Directors approved a set of sustainability-related policies between 2021 and 2022 that were included in the ESG action plan.

[\[Cepsa's Corporate Policies\]](#)

Cepsa's various Board committees are responsible for overseeing the company's economic, social and environmental performance, the risks that could arise from its operations and compliance with applicable internal and external standards and regulations. To assess the company's performance, the Board of Directors and Board committees use information provided by the organisation itself and that received from regular meetings with corporate department and business managers or heads.

Our Board of Directors discharges its general oversight duty both directly and through the ACER Committee, which has authority to evaluate all matters related to financial and non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks, and duly report on them to the Board.

[GRI 2-16] Communication of critical concerns

The business units report directly to the Management Committee which, in turn, reports to the Board of Directors to ensure that the business plan, budget, and company strategy established by the Board are implemented and executed appropriately, and that they are reviewed and monitored regularly.

At each Board meeting, the chairs of the various committees report on all matters reviewed and approved at their meetings and all concerns that should be addressed by the Board.

[GRI 2-17] Collective knowledge of highest governance body

The current members of our Board of Directors are renowned technical, financial, economic and environmental experts with extensive track records, knowledge and experience in addressing economic, environmental and social issues. Nevertheless, they receive any support and training required on matters related to sustainability, renewable energies or other relevant topics.

For example, our ACER Committee provides training on matters pertaining to emerging risks (e.g., cybersecurity) or new auditing standards. Our Board, through deep-dive meetings with the company's various business area managers, addresses matters related to new energies, such as e-mobility, biofuels and green hydrogen.

[GRI 2-18] Evaluation of the performance of the highest governance body

Our Board has a self-evaluation process in place that it carries out at the end of each year involving a detailed questionnaire. Based on the results, it adopts action plans required to address any weaknesses uncovered.

The Board has decided that for now it does not require the assistance of an independent external consultant to advise it on the evaluation of its performance. However, it could decide to engage one in future.

3.3 STAKEHOLDER MANAGEMENT

[GRI 2-28] Membership of associations

Contributions to initiatives and associations^{1,2} (2022-2018) (€)

	2022	2021	2020	2019	2018
Expenditure on contributions to initiatives and associations (3)	2,894,448	2,475,133	2,454,200	2,177,784	1,774,363
Expenditure on these initiatives and associations earmarked for defence of the industry	868,334	742,539	736,260	653,335	532,309

1. Expenditure is broken down by total expenditure earmarked for associations and expenditure for defence of the industry. Accordingly, prior period figures have been restated. We also reviewed the approach, considering that the company spends 30% of the total expenditure earmarked for associations and initiatives on defence of the industry.

2. Cepsa neither finances nor lends any form of support, directly or indirectly, to unions, public officials, politicians, political parties or their representatives and/or candidates, advisors or any other person carrying out public duties or confidantes thereof.

3. The increase from 2021 was due to higher membership fees, which was already budgeted, and new additions in line with the new Positive Motion strategy.

Main contributions and expenses (2022-2021) (€)

Main contributions in 2022 and 2021 by industry

Industry	Description	2022	2021
Energy industry (1)	Our share in AOP and Fuels Europe, the Spanish Hydrogen Association and Eurogas of expenditure earmarked for actions in defence of the industry.	232,888	212,332
Chemical industry	Amount of the percentage of our participation in Cefic and Feique that was allocated to defense actions of the industry	111,461	113,366

1. In 2022, Cepsa joined the Spanish Hydrogen Association and Eurogas energy industry associations. Accordingly, data for 2021 do not include these associations.

Main contributions in 2022 and 2021 by organization (€)

Organization	2022	2021
Fuels Europe	127,763	128,332
CEFIC	83,081	83,786
AOP	102,000	84,000

3.4 ADVANCING TOWARDS A NET ZERO WORLD

3.4.1 Energy consumption

[GRI 302-1] Energy consumption within the organization

Energy consumption within the organization by fuel type in 2022-2018 (GJ)^{1,2}

Fuels	2022	2021	2020	2019	2018
Renewable electricity (3)	4,579,718	4,051,166	1,176,026	1,200,377	492,683
Non-renewable electricity	1,452,931	1,472,328	5,542,132	5,604,581	6,540,729
Gas oil/diesel	606,809	537,261	1,227,913	2,178,807	2,363,711
Fuel oil	2,922,884	1,126,789	984,909	1,402,487	3,123,399
Natural gas	41,623,411	49,023,641	50,588,681	58,148,459	47,180,386
Residual gas	2,327,901	2,371,468	2,366,497	3,076,004	2,636,123
Crude oil	46,112	79,094	0	10,732	20,648
Fuel gas	28,113,830	23,423,095	21,488,231	22,569,168	25,017,690
Steam	2,157,551	2,180,243	2,296,329	2,495,536	2,312,630
Total	83,831,148	84,265,084	85,670,719	96,686,151	89,687,999

1. The Mobility & New Commerce and Trading businesses are immaterial for this topic and therefore are not included.

2. Energy consumption in the Commercial & Clean Energies business for the renewable, gas and electricity facilities (cogeneration and combined cycle) is total primary energy. Therefore, final energy generated by them and consumed in the rest of the facilities reported (Chemicals and Energy Parks) is not reported in this indicator to avoid duplication in the calculation. In any case, reporting of energy consumption and energy intensity (GRI 302-3) is included in the reporting on Energy Parks and Chemicals.

3. The energy sources of the Chemicals' business facilities in Spain, the Energy Parks and the Tenerife storage factory are renewable based on data of the energy supplier.

Energy sold by fuel type (2022-2018) (GJ)

	2022	2021	2020	2019	2018
Electricity (1)	9,753,566	8,368,296	10,018,431	7,789,227	8,247,537
Steam (2)	1,059,802	1,422,575	1,689,982	1,724,219	1,734,578
Total	10,813,369	9,790,871	11,708,414	9,513,446	9,982,115

1. Includes electricity sold to a third party, so it includes electricity sold to the grid by our CHP/CCGT plants not needed for self-consumption.

2. Includes steam sold to a third party, so it includes steam sold to a third party by one of the CHP plants of the Gas & Power business.

[GRI 302-2] Energy consumption outside the organization

Energy consumption outside the organization by category¹ (2022-2018) (GJ)

Categories (GHG protocol) (2)	2022	2021	2020	2019	2018
Purchased goods and services	916,549,137	881,182,432	840,350,989	974,814,584	1,001,650,448
Fuel- and energy-related activities	11,247,289	12,605,341	9,247,680	10,464,669	9,807,677
Upstream transportation and distribution	15,728,550	16,170,663	15,512,116	19,631,956	19,548,426
Downstream transportation and distribution	5,734,657	5,555,217	5,471,002	6,629,947	7,173,399
Use of sold products	711,008,867	658,566,498	652,632,957	786,177,937	742,498,921
Total	1,660,268,500	1,574,080,151	1,523,214,744	1,797,719,093	1,780,678,871

1. The entire history of categories was updated relative to the 2021 Integrated Report to aid comparability of the data and analyse trends. This update was carried out using the latest approach approved under ISO 14064 and the criteria applied in our Carbon Intensity Index.

2. The five most important Scope 3 categories are represented, i.e. those that account for at least 95% of ISO 14064-certified total Scope 3 emissions.

[GRI 302-3] Energy intensity

Energy intensity¹ (2022-2018) (TJ/thousand tonnes of product)

Business	2022		2021		2020		2019		2018	
	Energy consumption (TJ) (2) (3)	Energy intensity	Energy consumption (TJ) (2) (3)	Energy intensity	Energy consumption (TJ) (2) (3)	Energy intensity	Energy consumption (TJ) (2) (3)	Energy intensity	Energy consumption (TJ) (2) (3)	Energy intensity
Exploration & Production (4)	1,840	1.14	2,034	1.15	2,727	1.26	4,124	1.42	3,794	1.26
Chemicals (5)	15,300	4.22	16,522	4.02	16,314	4.04	16,645	4.13	16,530	4.03
Energy Parks (6)	46,570	2.24	47,028	2.37	45,575	2.40	50,102	2.28	51,997	2.31

1. Primary energy consumption in the Commercial & Clean Energies business reported in the energy consumption indicator (GRI 302-1) is not reported in this indicator since part of the final energy generated in the business is consumed by Energy Parks and Chemicals and, therefore, shown in these businesses' energy intensity.

2. Types of energy included: fuel, electricity, heating, cooling and steam.

3. Type of energy consumption: within and outside of the organization.

4. Denominator: thousands of tonnes of crude oil and gas.

5. Denominator: thousands of tonnes processed.

6. Denominator: thousands of tonnes of processed crude oil.

[SASB RT-CH-130a.1] Total energy consumed**Energy consumed in the Chemicals business (2022-2018) (GJ)**

Energy	2022	2021	2020	2019	2018
Total energy consumed	15,300	16,522	16,314	16,645	16,530
Energy consumed supplied from grid electricity	730	751	761	742	1,436
Percentage grid electricity	5 %	5 %	5 %	4 %	9 %
Energy consumed that is renewable energy	980	1,148	1,149	1,153	454
Percentage renewable	6 %	7 %	7 %	7 %	3 %
Total amount of self-generated energy	112	0	0	74	81

3.4.2 GHG emissions

[GRI 305-1] Direct (Scope 1) GHG emissions / [GRI 305-2] Energy indirect (Scope 2) GHG emissions

Scope 1 and 2 GHG emissions by business^{1,2,3,4} (2022-2018) (thousand tCO₂eq)

		2022		2021		2020		2019		2018	
Business	Sub-business	Scope 1 (8)	Scope 2	Scope 1 (8)	Scope 2	Scope 1 (8)	Scope 2	Scope 1 (8)	Scope 2	Scope 1 (8)	Scope 2
Exploration & Production		115	53	131	47	238	47	424	44	413	48
Chemicals		699	158	781	288	752	291	734	334	722	380
Energy (5)	Energy Parks	2,908	0	2,719	0	2,575	227	2,857	336	3,025	355
	Commercial & Clean Energies (6)	1,558	0	1,659	0	1,649	0	2,047	0	1,545	0
Total (Scopes)		5,280	211	5,290	335	5,214	565	6,062	714	5,705	783
Total (Scope 1 + Scope 2)		5,491		5,625		5,779		6,776		6,488	

1. Because of the reporting date, CO₂eq data are not the same as the audited and reported data under the carbon schemes to which the Company is subject or our voluntary reports under ISO 14064.

2. Gases included in the calculation: CO₂, CH₄ and N₂O.

3. Measurement methodology: calculated using regulatory methodologies and/or the voluntary ISO 14064 international standard.

4. Scope 1 emissions include fugitive emissions from natural gas transport for alignment with our scope in ISO 14064, with recalculation of historical data.

5. The Mobility & New Commerce and Trading businesses are immaterial for this topic and therefore are not included.

6. The asphalt facilities have been included in the ISO 14064 since 2021. Therefore, in this report, they were included, along with historical data, in the Commercial & Clean Energies business. They do not contribute any material emissions or energy consumption but are reported in compliance with that ISO.

Methane emissions (2022-2018) (tonnes of CH₄)

	2022	2021	2020	2019	2018
Direct CH ₄ emissions	2,048	2,183	2,848	4,415	5,191

1. CH₄ reported includes venting emissions and emissions from flaring, combustion and natural gas transport (fugitive). Calculated using the audited methodology under ISO 14064. Exploration & Production emissions were reduced considerably in 2020 as the assets in Thailand were idle.

[GRI 305-5] Reduction of GHG emissions**Main GHG emission reduction initiatives in 2022 (tCO₂eq) ¹**

Initiative	GHG reduction (tCO ₂ eq)	Type of energy	Scope
Acquisition of Guarantees of Origin for the consumption of renewable energy	199,574	Electricity	2
Furnace efficiency enhancements	2,300	Fuel	1
Optimisation in use of laminated steam	4,500	Fuel	1
Total	206,374		

1. This table presents the main carbon reduction initiatives. Other initiatives to optimise operations were carried out that also reduce carbon emissions.

Main GHG emission reduction initiatives in 2021 (tCO₂)

Initiative	GHG reduction (tCO ₂ eq)	Type of energy	Scope
New technology in refinery's naphtha reforming unit	148,482	Fuel	1
Operational improvements in cooling systems	4,560	Electricity	2
Changes in frequency inverters in cooling systems	6,775	Fuel	1
Changes in frequency inverters in cooling systems	1,866	Electricity	2
Technology upgrades in paraffin unit	3,779	Fuel	1
Recovery of waste energy	18,886	Steam	2
Online analysers	79,017	Fuel	1
Upgrades in phenol unit	308	Steam	2
Heat exchanger upgrades	50,000	Fuel	1
Total	313,673		

[GRI 305-3] Other indirect (Scope 3) GHG emissions**Scope 3 GHG emissions by category^{1,2} (2022-2018) (thousand tCO₂eq)**

Category	2022	2021	2020	2019	2018
	Scope 3 (3)	Scope 3 (3)	Scope 3 (3)	Scope 3 (3)	Scope 3 (3)
Purchased goods and services	9,751	9,891	9,477	6,835	6,710
Fuel- and energy-related activities	630	708	518	588	551
Upstream transportation and distribution	881	908	868	1,103	1,098
Downstream transportation and distribution	321	312	306	373	403
Use of sold products	50,743	46,294	45,876	55,802	52,679
Total	62,326	58,113	57,045	64,701	61,441

1. The entire history of categories was updated relative to the 2021 Integrated Report to aid comparability of the data and analyse trends. This update was carried out using the latest approach approved under ISO 14064 and the criteria applied in our Carbon Intensity Index.

2. Because of the reporting date, CO₂eq data are not the same as the audited and reported data under the carbon schemes to which the Company is subject or our voluntary reports under ISO 14064.

3. Gases included in the calculation: CO₂, CH₄ and N₂O.

[GRI 305-4] GHG emissions intensity**GHG emissions intensity¹ (2022-2018) (thousand tCO₂eq/thousand tonnes)**

Business	2022		2021		2020		2019		2018	
	GHG emissions	Intensity	GHG emissions	Intensity	GHG emissions	Intensity	GHG emissions	Intensity	GHG emissions	Intensity
Exploration & Production (2)	168	0.10	178	0.10	285	0.13	469	0.16	461	0.15
Chemicals (3)	992	0.27	1,223	0.30	1,204	0.30	1,233	0.31	1,269	0.31
Energy Parks (4)	3,347	0.16	3,359	0.17	3,368	0.18	3,813	0.18	3,964	0.18

1. Emission intensity reporting is based on the same rationale as the energy intensity indicator (GRI 302-3). Primary energy consumption in the Commercial & Clean Energies business reported in the energy consumption indicator (GRI 302-1) is not reported in this indicator since of the final energy generated and, therefore, the associated emissions generated in the business is consumed by Energy Parks and Chemicals and, therefore, shown in these businesses' emission intensity.

2. Denominator: thousands of tonnes of crude oil and gas.

3. Denominator: thousands of tonnes processed.

4. Denominator: thousands of tonnes of processed crude oil.

[SASB EM-EP-110a.1 / SASB EM-RM-110a.1 / SASB RT-CH-110a.1] Greenhouse gas emissions**Scope 1 emissions, percentage covered under emissions-limiting regulations 2022-2018) (thousand tCO₂eq)**

	2022	2021	2020	2019	2018
Total Scope 1 GHG emissions (thousand tCO ₂ eq)	5,280	5,290	5,214	6,062	5,705
% covered under emissions-limiting regulation	95 %	94 %	92 %	90 %	90 %

[SASB EM-EP-110a.2] Amount of GHG emissions by type**GHG emissions by business (2022-2018) (metric tonnes of CO₂eq)**

	2022	2021	2020	2019	2018
Hydrocarbons flared	33,048	30,005	72,763	148,715	140,719
Other combustion	70,104	85,857	148,821	236,146	247,105
Process emissions	0	0	0	0	0
Other vented emissions	0	0	3,150	25,436	21,834
Fugitive emissions from operations	12,192	14,752	13,682	14,016	2,654

[SASB EM-EP-420a.2] Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves**Estimated CO₂ emissions embedded in proved hydrocarbon reserves (2022-2018) (tCO₂)**

	2022	2021	2020	2019	2018
Estimated CO ₂ emissions in proved reserves	31,154,386	30,903,915	35,432,287	36,957,709	40,274,992

3.4.3 Renewable energy

Renewable production in 2022 (GWh) (MW)

Renewable energy source	Gross generation (GWh)	Installed capacity (MW)	Planned capacity by 2030 (MW)
Wind	53	30	1,000
Solar	0	0	6,000

CapEx earmarked to climate change-related investments

Amount invested in renewable energy (2022-2019) (€ million)

Type of investment	2022		2021		2020		2019	
	Investment (€ million)	Proportion of CapEx	Investment (€ million)	Proportion of CapEx	Investment (€ million)	Proportion of CapEx	Investment (€ million)	Proportion of CapEx
Energy from renewable sources (by type of source)	39.5	4 %	22.1	5 %	20.8	3 %	15.0	2 %
First-generation biofuels	1.5	— %	1.6	— %	0.2	— %	3.0	— %
Advanced biofuels	3.8	1 %	—	— %	0.5	— %	0.0	1 %
Wind	0.1	— %	0.2	— %	2.0	— %	12.0	— %
Solar	21.5	3 %	20.3	5 %	18.0	3 %	0.0	— %
Other renewable sources	12.7	2 %	0	— %	0	— %	0	— %

Volume of biofuels (2022-2021) (litres)

Biofuels (1)	2022		2021	
	Amount	Location	Amount	Location
Total volume of biofuels produced (litres)	59,843,318	Gibraltar-San Roque and Huelva	152,416,429	Gibraltar-San Roque and Huelva
Total volume of biofuels purchased (litres)	308,764,196	Gibraltar-San Roque and Huelva	300,587,848	Gibraltar-San Roque and Huelva

1. Both biofuel volume produced and purchased adhere to sustainability criteria.

[SASB EM-RM-410a.1] Percentage of Renewable Volume Obligation (RVO) met through: production of renewable fuels, purchase of “separated” renewable identification numbers (RIN)

Renewable volume (2022-2018) (%)

	2022	2021	2020	2019	2018
Percentage of renewable volume obligation (RVO) met through production of renewable fuels, including biofuels, cellulosic biofuel, ethanol, advanced biofuels, and other renewable fuels	16 %	35 %	29 %	57 %	61 %
Percentage of RVO met through purchase of “separated” renewable identification numbers (RIN).	84 %	69 %	88 %	68 %	70 %

3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT

3.5.1 Environmental management

Sites with a certified Environmental Management System (EMS) or EMAS in 2022 and 2021 (%)

	2022	2021
Group businesses with an EMS certified under ISO 14001 (%)	84 %	81 %
Other group businesses with an EMS verified by Internal Audit (%)	16 %	19 %
Businesses with a verified EMS (%)	100 %	100 %

Compliance with environmental laws and regulations, 2022 and 2021

	2022	2021	2020	2019
Non-compliance with environmental laws and/or regulations (1) (number)	3	2	0	0
Total monetary value of significant fines (€)	94,002	25,001	—	—

1. Significant fines are those of €10,000 or more.

3.5.2 Environmental investments

Resources for protecting the environment (2022-2019) (thousand €)

	2022	2021	2020	2019
Environmental expenditure	101,799	55,149	49,957	75,641
Environmental investments	100,952	43,844	15,010	6,588

3.5.3 Responsible water consumption

[GRI 303-1] Interactions with water as a shared resource

All water captured at our Energy Parks and chemical plants is freshwater from the municipal system or third parties. Tenerife is a separate case. There, slightly over half of the water used is seawater which is demineralised and then used in the steam boilers. Effluents are treated at treatment plants then nearly 95% of the volume is discharged into the sea at authorised points, complying with discharge metrics in all cases.

The use of freshwater at our Exploration & Production assets, which is primarily groundwater and water from municipal and third-party suppliers, is similar to domestic and industrial use. However, the volume of freshwater is minimal relative to the total volume of water we capture. We account for water obtained naturally from crude extraction (produced water), which is part of the fluid drawn from the source rock that flows from the reservoir to the surface, where it must then be separated. As a sustainable solution, once this water is separated from the crude, it is treated to comply with the required specifications for re-injection, to the extent possible, back to the oil field. Our assets sometimes need additional water to maintain the pressure in the field. In these cases, a feasibility study is conducted and then, depending on availability, water is captured from extremely deep non-potable water aquifers. This water is returned to the oil field, where it goes back into the cycle described previously, i.e., it is practically a closed cycle.

We do not have any suppliers of water-intensive products or services, such as those from agriculture.

We have a procedure in place to assess our water use that outlines the approach for identifying and evaluating environmental aspects that applies to all our facilities. We came up with a corporate-wide tool for assessing direct and indirect environmental aspects and the categories of spills and resources consumed. We perform both local and global assessments regularly.

[GRI 303-2] Management of water discharge-related impacts

No body of water or habitat is significantly affected by the water discharges and/or runoff from Cepsa's production plants or business units. We apply the best techniques available to control and reduce our discharge-related impacts, ensuring compliance with the quality requirements outlined in our production facilities' environmental permits and respecting the receiving environment.

The Exploration & Production facilities take measures to apply the principle of zero effluents discharged to the environment. Produced water, which represents the bulk of the water captured at our facilities, is re-injected into the reservoir from which it arose to the extent possible. Household wastewater is treated by third parties or, after treatment up to the legal limits and in accordance with environmental licenses, either infiltrated or deposited in evaporation ponds.

[GRI 303-4] Water discharge

The facilities' environmental permits set out the terms and conditions and quality criteria that our water/effluents must first meet before being released back into the environment. These minimum discharge quality requirements are set by the competent authorities taking into account the facility's location and activity and applicable legislation in all cases. For priority substances, in Europe these criteria are laid down in the Water Framework Directive, while outside Europe local regulations apply.

[SASB RT-CH-140a.3] Description of water management risks and discussion of strategies and practices to mitigate those risks

We use the WWF's Water Risk Filter (WRF) tool at Cepsa to assess the water risks associated with our facilities. We update the information uploaded to the tool each year.

With the WRF, we assess basin risk where the facility is located and the operational risk associated with its water performance. This enables us to screen the risk at corporate level and helps us to decide which facilities to prioritise.

The main risks and incidents assessed relate to water scarcity, water quality, flooding, regulatory changes and price increases, as well as incidents of non-compliance with water discharge parameters.

[GRI 303-3] Water withdrawal

Total water withdrawn by source in 2022 (thousand m³)¹

Areas	Total water withdrawal	Water withdrawal by type (2)		Water withdrawal by source														
				Surface water			Groundwater			Seawater			Produced water			Third-party water		
		Fresh water	Other water	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total
Total (all areas)	33,143	16,707	16,436	9	207	216	751	1,514	2,264	0	0	0	0	14,716	14,716	15,947	0	15,947
Total (areas with water stress)	16,185	14,385	1,800	0	207	207	725	1,514	2,238	0	0	0	0	80	80	13,660	0	13,660

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water withdrawn by source in 2021 (thousand m³)¹

Areas	Total water withdrawal	Water withdrawal by type (2)		Water withdrawal by source														
				Surface water			Groundwater			Seawater			Produced water			Third-party water		
		Fresh water	Other water	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total
Total (all areas)	33,405	17,886	15,518	10	318	328	865	1,055	1,920	0	0	0	0	14,145	14,145	17,012	0	17,012
Total (areas with water stress)	16,974	15,538	1,436	0	318	318	836	1,055	1,892	0	0	0	0	63	63	14,702	0	14,702

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water withdrawn by source in 2020 (thousand m³)¹

Areas	Total water withdrawal	Water withdrawal by type (2)		Water withdrawal by source														
				Surface water			Groundwater			Seawater			Produced water			Third-party water		
		Fresh water	Other water	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total
Total (all areas)	37,760	17,569	20,191	14	352	367	712	1,269	1,981	0	2,090	2,090	0	16,480	16,480	16,843	0	16,843
Total (areas with water stress)	16,935	15,271	1,665	0	352	352	661	1,269	1,930	0	0	0	0	44	44	14,610	0	14,610

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water withdrawn by source in 2019 (thousand m³)¹

Areas	Total water withdrawal	Water withdrawal by type (2)		Water withdrawal by source														
				Surface water			Groundwater			Seawater			Produced water			Third-party water		
		Fresh water	Other water	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total
Total (all areas)	47,263	18,784	28,479	20	674	694	656	1,197	1,853	0	2,889	2,889	0	23,719	23,719	18,108	0	18,108
Total (areas with water stress)	18,460	16,571	1,889	0	674	674	623	1,197	1,820	0	0	0	0	18	18	15,948	0	15,948

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water withdrawn by source in 2018 (thousand m³)¹

Areas	Total water withdrawal	Water withdrawal by type (2)		Water withdrawal by source														
				Surface water			Groundwater			Seawater			Produced water			Third-party water		
		Fresh water	Other water	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total
Total (all areas)	48,341	18,244	30,097	45	1,047	1,092	587	949	1,536	0	4,315	4,315	0	23,786	23,786	17,612	0	17,612
Total (areas with water stress)	20,117	18,110	2,007	0	1,047	1,047	533	949	1,482	0	0	0	0	11	11	17,577	0	17,577

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

[GRI 303-4] Water discharge**Total water discharge by area, water type and destination in 2022 (thousand m³)¹**

Areas	Total water discharged (2)	Water discharge by type		Water discharge by type of destination			
		Freshwater	Other water	Surface water	Groundwater	Seawater	Third-party water
Total (all areas)	25,144	0	25,144	23	16,317	8,090	715
Total (water-stressed areas)	9,867	0	9,867	0	1,738	8,090	39

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water discharge by area, water type and destination in 2021 (thousand m³)¹

Areas	Total water discharged (2)	Water discharge by type		Water discharge by type of destination			
		Freshwater	Other water	Surface water	Groundwater	Seawater	Third-party water
Total (all areas)	24,509	0	24,509	24	15,477	8,292	716
Total (water-stressed areas)	9,969	0	9,969	0	1,466	8,291	212

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water discharge by area, water type and destination in 2020 (thousand m³)¹

Areas	Total water discharged (2)	Water discharge by type		Water discharge by type of destination			
		Freshwater	Other water	Surface water	Groundwater	Seawater	Third-party water
Total (all areas)	29,470	0	29,470	26	17,715	10,910	819
Total (water-stressed areas)	10,291	0	10,291	0	1,608	8,514	169

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water discharge by area, water type and destination in 2019 (thousand m³)¹

Areas	Total water discharged (2)	Water discharge by type		Water discharge by type of destination			
		Freshwater	Other water	Surface water	Groundwater	Seawater	Third-party water
Total (all areas)	37,735	0	37,735	25	24,551	12,187	971
Total (water-stressed areas)	10,401	0	10,401	0	1,487	8,742	172

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

Total water discharge by area, water type and destination in 2018 (thousand m³)¹

Areas	Total water discharged (2)	Water discharge by type		Water discharge by type of destination			
		Freshwater	Other water	Surface water	Groundwater	Seawater	Third-party water
Total (all areas)	40,020	0	40,016	33	24,450	14,470	1,067
Total (water-stressed areas)	11,066	0	11,066	0	1,223	9,604	239

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

2. Freshwater: total dissolved solids ≤ 1000 mg/l. Other water: > 1000 mg/l total dissolved solids.

[GRI 303-5] Water consumption

Total water consumption by area (2022-2018) (thousand m³)¹

	2022		2021		2020		2019		2018	
	All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress	All areas	Areas with water stress
Total	7,999	6,318	8,896	7,005	8,289	6,644	23,173	8,059	8,321	9,051

1. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

EM-EP-140a.1 / SASB RT-CH-140a.1 / SASB EM-RM-140a.1] Water management¹

Percentage of freshwater recycled^{2,3} (2022-2018) (thousand m³)

	2022	2021	2020	2019	2018
Total	13 %	12 %	12 %	10 %	12 %

1. Rest of the indicator answered in GRI 303-3 and 303-5.

2. Percentage of recycled water is calculated as the volume of water recycled (thousand m³) divided by the volume of water withdrawn. Any volume of water reused several times counts as recycled water each time it is recycled and reused.

3. Data for Mobility & New Commerce and Trading are not material for this indicator and therefore are not reported.

[SASB EM-EP-140a.2] Water management**Volume of water managed in the Exploration & Production business (2022-2018) (thousand m³)**

	2022	2021	2020	2019	2018
Produced water	16,984	14,145	16,480	23,719	23,786
Flowback fluid (1)	0	0	0	0	0
% discharged	— %	1 %	2 %	3 %	3 %
% injected	86 %	100 %	97 %	97 %	97 %
% recycled	— %	— %	— %	— %	— %
Hydrocarbons water discharged (2)	4	N/A	N/A	N/A	N/A

1. Cepsa does not employ hydraulic fracturing techniques.

2. 2022 was the first year this indicator was reported.

3.5.4 Biodiversity protection

[GRI 304-3] Habitats protected or restored

Madrevieja environmental station (San Roque, Spain, 20 Ha): the Madrevieja environmental station comprises the following ecosystems (20 Ha): Bosque (12.19 Ha), Humedales (1.42 Ha) and Pastizal (6.39 Ha). Key projects promoted by the Cepsa Foundation during the year include bird ringing for science and the barn owl recovery project, with another nine birds recovered from breeding pairs. The site was also confirmed as one of the few places in Campo de Gibraltar congregating all species of the province's carnivores. Otter breeding in the southern lagoon attracted the interest of photographers and naturalists alike. In addition to the flora and fauna, all scheduled maintenance activities were carried out. A restoration project file was created and will be included in the updated publication of the Spanish Biodiversity Foundation's Practical Guide on Ecological Restoration. Lastly, on the awareness-raising front, we received more than 10,000 visits and devised the Barn owl workshop to promote the Barn Owl Project and the species inventory. Meanwhile, 659 species were uploaded to the Observado.org and 579 to the iNaturalist biodiversity platforms.

Primera de Palos lagoon (Palos de la Frontera, Spain, 33 Ha): this year, new species -egret, crab heron, cattle egret and spoonbill- were added to the heron and little egret colony. Highlights of Cepsa Foundation-led projects included eliminating exotic fish species and drying out the lagoon to facilitate mineralisation of the sludge. Another key action entailed deepening areas that had become clogged to ensure that the breeding colonies were insulated and to create vital microhabitats for the various communities of fauna and flora. Birdlife was monitored continuously, while we continued to ring migratory birds, capturing 223 birds through October. Maintenance work centred on the coastal pine forest. Actions were undertaken to reduce the risk of fire and speed up forest succession by promoting species with the greatest ecological value. Lastly, temporary ponds and sanctuaries were created to help attract and preserve amphibians and reptiles in the area, as both have been impacted heavily.

As for associations, we are receiving advice on our green transition and special support on biodiversity projects by the International Union for Conservation of Nature (IUCN), with which we signed an agreement in 2021.

Habitats protected or restored in 2022 by business, geographic location and size (m²)

Habitats protected or restored	Business	Geographic location	Size (m ²) per habitat	Total size (m ²)
Madrevieja environmental station	Energy Parks, Chemicals, C&CE	San Roque, Spain	200,000	555,900
Primera de Palos lagoon	Energy Parks, Chemicals, G&P	Huelva, Spain	335,000	
Las Lagunas de Muelle de las Carabelas	Energy Parks, Chemicals, G&P	Huelva, Spain	20,900	

Habitats protected or restored in 2021 by business, geographic location and size (m²)

Habitats protected or restored	Business	Geographic location	Size (m ²) per habitat	Total size (m ²)
Madrevieja environmental station	Energy Parks, Chemicals, C&CE	San Roque, Spain	200,000	554,700
Primera de Palos lagoon	Energy Parks, Chemicals, G&P	Huelva, Spain	335,000	
Las Lagunas de Muelle de las Carabelas (La Rábida)	Energy Parks, Chemicals, G&P	Huelva, Spain	19,700	

[GRI 304-4] IUCN Red List species and national conservation list species with habitats in areas affected by operations**Species by level of extinction risk in areas of operation (2022-2018)**

National conservation list species (1)	2022	2021
Critically endangered	4	4
Endangered	15	15
Vulnerable	35	35
Near threatened	42	42
Least concern	0	0
Total	96	96

1. Reported data from the Ecoacas 2021 ASA (average species abundance) report. The consensus is that the situation did not change in 2022.

[GRI 304-2] Significant impacts of activities, products, and services on biodiversity

The main impacts of our activities are on the air, sea, land, ground water, noise levels and biodiversity. Of all Cepsa's operational sites, the following are located in protected areas and areas of high biodiversity value outside protected areas: San Roque, Palos and Tenerife sites in Spain; Caracara and Llanos 22 in Colombia; Lote 131 in Peru; Detén in Brazil; and Becancour in Canada.

Of those, we carried out habitat protection or restoration work at San Roque (the Madre Vieja environmental station) and Huelva (the Laguna Primera de Palos lagoon). At Laguna Primera de Palos, there was no impact from industrial operations, but rather from agricultural activity due to the contribution of sediments and nutrients. In 2022, we worked on reducing this environmental impact by creating a nutrient and sediment trap at the mouth of the lagoon.

Meanwhile, we discovered that the Montagu's harrier migrates to and from and reproduces at the Alijar II wind farm, so we had to adapt how the wind turbine generators work so as not to jeopardise or change use of this area by this bird species.

Operational sites in or adjacent to protected areas or areas of high biodiversity value

We put up informational billboards about our industrial areas that are in or adjacent to -within 1km- highly vulnerable areas or those that are located close to areas of special biodiversity importance according to the definition of protected areas of the IUCN, the Ramsar Convention, the Natura 2000 Network, IBA and national laws.

Operational sites in or adjacent to protected areas or areas of high biodiversity and size of site measured in km	Geographic location	Type of operation (office, manufacturing or production, or extractive)	Position in relation to the protected area (in the area, adjacent to <1km- or near -1-5km-) or the high biodiversity value area outside the protected area	Biodiversity value (terrestrial, freshwater or maritime ecosystem)	Protected biodiversity lists
Palos de la Frontera facilities	Spain	Manufacturing	Adjacent (<1 km)	Laguna de Palos and las Madres	(RAMSAR, SCI, IUCN II)
Palos de la Frontera facilities	Spain	Manufacturing	Adjacent (<1 km)	Estero de Domingo Rubio	(SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Adjacent (<1 km)	El Odiel dunes	(SCI)

Cepsa drew up a Biodiversity Action Plan (BAP) for the Palos de la Frontera and San Roque facilities to minimise the potential impact of activities there on areas of special biodiversity importance.

The restoration work we undertook in the Primera de Palos lagoon -the area closest to the Huelva site- achieved considerable improvement in the lagoon's biodiversity and ecological conditions.

Other sensitive areas around the production sites

Operational sites in or adjacent to protected areas or areas of high biodiversity and size of site measured in km ²	Geographic location	Type of operation (office, manufacturing or production, or extractive)	Position in relation to the protected area (in the area, adjacent to <1km- or near -1-5km-) or the high biodiversity value area outside the protected area	Biodiversity value (terrestrial, freshwater or maritime ecosystem)	Protected biodiversity lists
San Roque facilities	Spain	Manufacturing	Near (1-5 km)	Palmones River marshes	(SCI, Birds Directive Special Protection Area, Natura 2000 Network)
San Roque facilities	Spain	Manufacturing	Near (1-5 km)	Palmones River marshes seabed	(SCI, Natura 2000 Network)
San Roque facilities	Spain	Manufacturing	Near (1-5 km)	Eastern strait	(SCI)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Rock of Gibraltar	(SCI, Birds Directive Special Protection Area)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Southern waters of Gibraltar	(SCI, Birds Directive Special Protection Area)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Los Alcornocales	(SCI, Birds Directive Special Protection Area, Natura 2000 Network)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Strait	(SCI, Birds Directive Special Protection Area, Natura 2000 Network)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Guadiaro River estuary	(SCI, IUCN II, Natura 2000 Network)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Guadiaro and Hozgarganta rivers	(SCI, Natura 2000 Network)
San Roque facilities	Spain	Manufacturing	Near (5-20 km)	Guadiaro River estuary seabed	(SCI, Birds Directive Special Protection Area, Natura 2000 Network)
Alijar wind farm	Spain	Electricity generation	Near (5-20 km)	Doñana	(RAMSAR, SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)

Operational sites in or adjacent to protected areas or areas of high biodiversity and size of site measured in km ²	Geographic location	Type of operation (office, manufacturing or production, or extractive)	Position in relation to the protected area (in the area, adjacent to <1km- or near <1-5km-) or the high biodiversity value area outside the protected area	Biodiversity value (terrestrial, freshwater or maritime ecosystem)	Protected biodiversity lists
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Odiel marshes	(RAMSAR, SCI, Biosphere Reserve, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Tinto River marshes and banks	(SCI, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Tinto River estuary	(SCI, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Dehesa del Estero y Montes de Moguer	(SCI)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Tinto River and El Odiel sea area	(Marine Protected Area, OSPAR, Birds Directive Special Protection Area)
Palos de la Frontera facilities	Spain	Manufacturing	Near (5-20 km)	Doñana	(RAMSAR, SCI, Birds Directive Special Protection Area, IUCN V, Natura 2000 Network)
Alijar wind farm	Spain	Electricity generation	Near (5-20 km)	Doñana	(RAMSAR, SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Odiel marshes	(RAMSAR, SCI, Biosphere Reserve, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Alijar wind farm	Spain	Electricity generation	Near (5-20 km)	Doñana	(RAMSAR, SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Odiel marshes	(RAMSAR, SCI, Biosphere Reserve, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Tinto River marshes and banks	(SCI, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Tinto River and El Odiel sea area	(Marine Protected Area, OSPAR, Birds Directive Special Protection Area)
Palos de la Frontera facilities	Spain	Manufacturing	Near (5-20 km)	Doñana	(RAMSAR, SCI, Birds Directive Special Protection Area, IUCN V, Natura 2000 Network)
Alijar wind farm	Spain	Electricity generation	Near (5-20 km)	Doñana	(RAMSAR, SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (1-5 km)	Odiel marshes	(RAMSAR, SCI, Biosphere Reserve, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)
Palos de la Frontera facilities	Spain	Manufacturing	Near (5-20 km)	El Burro marshes	(IUCN I)
Palos de la Frontera facilities	Spain	Manufacturing	Near (5-20 km)	Gulf of Cadiz	(Marine Protected Area, OSPAR Birds Directive Special Protection Area)
Tenerife facilities	Spain	Manufacturing	Near (1-5 km)	Anaga	(SCI, Birds Directive Special Protection Area, IUCN V)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Ijuana	(SCI, IUCN I)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Pijaral	(SCI, IUCN I)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Los Roques de Anaga	(SCI, IUCN III)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Malpais de Güimar	(SCI, IUCN V)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Las Palomas	(SCI, IUCN V)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Corona Forestal	(SCI, IUCN II)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Las Lagunetas	(SCI, IUCN V)

Operational sites in or adjacent to protected areas or areas of high biodiversity and size of site measured in km ²	Geographic location	Type of operation (office, manufacturing or production, or extractive)	Position in relation to the protected area (in the area, adjacent to <1km- or near <1-5km-) or the high biodiversity value area outside the protected area	Biodiversity value (terrestrial, freshwater or maritime ecosystem)	Protected biodiversity lists
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Sebadales de San Andres	(SCI)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Sebadales de Antequera	(SCI)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Montes y Cumbres de Tenerife	(Birds Directive Special Protection Area)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Anaga sea area	(Birds Directive Special Protection Area)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Coast of Acentejo	(IUCN V)
Tenerife facilities	Spain	Manufacturing	Near (5-20 km)	Siete Lomas	(IUCN V)
Detén	Brazil	Production	Near (5-20 km)	North coast continental shelf environmental protection area	(IUCN V)
Detén	Brazil	Production	Near (5-20 km)	Guarajuba lagoon environmental protection area	(IUCN V)
Detén	Brazil	Production	Near (5-20 km)	Bay of All Saints environmental protection area	(IUCN V)
Detén	Brazil	Production	Near (5-20 km)	As Dunas private natural heritage reserve	(IUCN IV)
Becancour	Canada	Production	Near (1-5 km)	Montesson Island seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (1-5 km)	Lamarier Bay seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (1-5 km)	Montesson Island seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (1-5 km)	Battures de Gentilly seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (1-5 km)	Ponte-Paul-Rivière aux Originaux seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (5-20 km)	Muskrat habitat southwest of Port Laviolette	(IUCN VI)
Becancour	Canada	Production	Near (5-20 km)	Port Saint-François-Pont Laviolette seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (5-20 km)	Batiscan-Sainte-Anne seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (5-20 km)	Champlain Batiscan seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (5-20 km)	Becquets Deschaillons seabird sanctuary	(IUCN VI)
Becancour	Canada	Production	Near (5-20 km)	Léon-Provancher ecological reserve	(IUCN I)
Cepsa Chemical Shanghai	China	Production	Near (5-20 km)	Shanghai Three Jinshan Islands national marine nature reserve	China national marine reserve
Caracara	Colombia	Production	Near (1-5 km)	El Tigrillo Civil Society Nature Reserve	IUCN VI
Caracara	Colombia	Production	Near (1-5 km)	Maiciana-Manacal wetland recreation area	IUCN V

Operational sites in or adjacent to protected areas or areas of high biodiversity and size of site measured in km ²	Geographic location	Type of operation (office, manufacturing or production, or extractive)	Position in relation to the protected area (in the area, adjacent to <1km- or near <1-5km-) or the high biodiversity value area outside the protected area	Biodiversity value (terrestrial, freshwater or maritime ecosystem)	Protected biodiversity lists
Caracara	Colombia	Production	Near (5-20 km)	Campoflorido (Civil Society Nature Reserve)	VI managed resource protected area
Llanos 22	Colombia	Production	Near (5-20 km)	San Miguel de los Farallones regional nature park	IUCN II
Llanos 22	Colombia	Production	Near (5-20 km)	Quebrada de la Tablona	National protected forest reserves / VI managed protected area
Jilguero	Colombia	Production	Near (1-5 km) 1.6 km from the Jilguero south well	DMI Mata de la Urama	Regional integrated management districts / VI managed resource protected area
Jilguero	Colombia	Production	Far (> 20 km)	Noel Parra Palacio	Civil society nature reserve / VCI managed resource protected area
Jilguero	Colombia	Production	Far (> 20 km)	La Reserva	Civil society nature reserve / VCI managed resource protected area
Puntero	Colombia	Production	Near (5-20 km)	Corozito	Civil society nature reserve / VCI managed resource protected area
Puntero	Colombia	Production	Near (5-20 km)	La Palma	Civil society nature reserve / VCI managed resource protected area
Merecure	Colombia	Production	Near (5-20 km)	Las Brisas	Civil society nature reserve / VCI managed resource protected area
Merecure	Colombia	Production	Near (5-20 km)	Médano Los Morrucos	Civil society nature reserve / VCI managed resource protected area
Merecure	Colombia	Production	Far (> 20 km)	AICA/IBA Taparas	SEO-BirdLife
Los Ángeles	Peru	Production	Far (> 20 km)	El Sira communal reserve	IUCN VI
BMS	Algeria	Production	Far (> 20 km)	Sanghr Jabbess National Park	National protected area

[SASB EM-RM-120a.2] Number of refineries in or near areas of dense population

Three of our refineries are in or near areas of dense population. Areas of dense population are defined as urbanised areas with a population > 50,000 or within 49 kilometres of these areas.

[SASB EM-EP-160a.3] Percentage of proved and probable reserves

Proved and probable reserves in protected areas in the Exploration & Production business¹ (2022-2018) (%)

	2022	2021	2020	2019	2018
Percentage of net proved reserves	0.25 %	0.20 %	0.12 %	0.15 %	0.21 %
Percentage of net probable reserves	0.12 %	0.07 %	0.09 %	0.09 %	0.14 %

1. Within 5 km of the boundary of our facilities.

Biodiversity impact assessments

	Number of assets	Area (hectares)
Operated assets	26	1134.7
Operated assets with biodiversity impact assessments in the last five years	26	1134.71
Operated assets near locations of high biodiversity value	3	317.05
Operated assets near locations of high biodiversity value with a biodiversity plan in place	3	317.05

[GRI 306-3] Significant spills**Number and volume of significant spills in 2022 by material (volume in n°. of barrels or litres)**

	Material of spill					
	Oil spill (n°. barrels)			Other spills (litres)		
	Soil (1)	Water surface	Total	Soil (1)	Water surface	Total
Number of spills	2	0	2	1	0	1
Volume of spills	94	0	94	12,000	0	12,000

1. Two spills (94 oil barrels) at Exploration and Production at the RKF field (Algeria). The safety analysis performed during excavation work uncovered wet sand, which was separated from dry sand to calculate the amount of crude oil spilt.

2. One spill (12,000 litres) at Mobility and New Commerce at the Santa Ana service station (Spain). A total of 12,000 litres of Star Diesel were spilled during the station's waterproofing tests.

Number and volume of significant spills in 2021 by material (volume in n°. of barrels or litres)

	Material of spill					
	Oil spill (n°. barrels)			Other spills (litres)		
	Soil (1)	Water surface	Total	Soil	Water surface (2)	Total
Number of spills	1	0	1	0	1	1
Volume of spills	2	0	2	0	1,500	1,500

1. One spill (2 oil barrels) at Exploration and Production at the Caracara block (Colombia). It was controlled and the area was cleaned up immediately. The section of the line affected was separated.

2. One spill (1,500 litres) at Commercial and Clean Energies at Atlas Ceuta (Spain). It was due to the rupture of a hose when the Anafi barge was being loaded with VLSFO 0.5. Most of the spill was on the water surface and the barge's deck. Sepiolite was used to clean up the spill on the pier.

Number and volume of significant spills in 2020 by material (volume in n°. of barrels or litres)

	Material of spill					
	Oil spill (n°. barrels)			Other spills (litres)		
	Soil (1)	Water surface	Total	Soil (2) (3) (4)	Water surface	Total
Number of spills	1	0	1	3	0	3
Volume of spills	2	0	2	2,535	0	2,535

1. One spill (2 oil barrels) at Exploration and Production at the RKF field (Algeria) due to a break in the line. The oil spilled onto desert soil and was controlled. The line was repaired immediately and the entire spill was cleaned up.

2. One spill (235 litres) at Exploration and Production at the Caracara field (Colombia) due to a break in the line. The product spilled onto industrial and non-industrial land and was controlled. The line was repaired immediately and the entire spill was cleaned up.

3. One spill (1,700 litres) at Commercial and Clean Energies at the Teruel (Spain) gas facility. The product was spilled onto industrial pavement and cleaned up immediately, thus avoiding any contamination of the soil.

4. One spill (600 litres) at Mobility and New Commerce at the Malaga service station (Spain). The product was spilled onto industrial pavement and cleaned up immediately. Soil samples were taken by a soil engineer, who verified that there was no impact on the soil.

Number and volume of significant spills in 2019 by material (volume in n°. of barrels or litres)

	Material of spill					
	Oil spill (n°. barrels)			Other spills (litres)		
	Soil	Water surface	Total	Soil (1) (2) (3)	Water surface	Total
Number of spills	0	0	0	5	0	5
Volume of spills	0	0	0	41,967	0	41,967

1. One spill (773 litres) at Exploration and Production at the Caracara block (Colombia). The spill occurred during the transfer of the diesel from a tank and its metal dike. Control and clean-up measures were taken immediately.

2. Two spills (15,994 litres) at Energy Parks at the La Rábida energy park (Spain). In one, there was a leak in the soda tank for biological treatment to the rainwater basin, which was cleaned up quickly. In the other, there was a contained leak of sulphuric acid at the Energy-HDT plant. The acid was spilled onto the pavement and was controlled cleaned up immediately.

3. Two spills (25,200 litres) at Commercial and Clean Energies at Cepsa Bionergía San Roque (Spain) sustained a spill from a sulphuric acid tank rupture in the chemical warehouse. The acid was spilled onto the pavement and was controlled quickly, and the other spill was at the asphalts factory in Alcudia (Spain). A leak was uncovered through the underground connection line between the port and the factory. The spill did not touch the floor or the sea and was withdrawn from the line and contained.

Number and volume of significant spills in 2018 by material (volume in n°. of barrels or litres)

	Material of spill					
	Oil spill (n°. barrels)			Other spills (litres)		
	Soil	Water surface (1)	Total	Soil	Water surface (2) (3) (4)	Total
Number of spills	0	1	1	5	0	5
Volume of spills	0	6	6	14,216	0	14,216

1. One spill (6 oil barrels) at Energy Parks at the La Rábida energy park (PELR). Actuation of shut-off valve (MBC) in floating pipeline during offloading of B/T from the NORDIC LIGHT tanker at RLR. This triggered activation of the Inland Maritime Plan (PIM) and the procedures to control and clean up spills on water surfaces.

2. One spill (710 litres) at Chemical at Cepsa's Puente Mayorga chemicals plant (Spain). The was an aquilate spill from drainage of the S-P103 pump. It was controlled quickly, preventing any from spilling on the floor.

3. Three spills (7,506 litres) at Energy Parks at the Tenerife (Spain) facility had a spill caused by loss of fuel in the ravine from the condensate line. Control and clean-up actions were taken immediately. The second spill was at the La Rábida energy park (Spain), caused by a leak of MARPOL hydrocarbon water in a slops line from the Torre Arenillas jetty to RLR on the Port Authority's land. It was controlled and cleaned up immediately. The third was at the San Roque energy park (Spain) caused by an overflow of the YT583 benzene tank. It was cleaned up and measures were put in place to prevent it from happening again.

4. One spill (6,000 litres) at Mobility and New Commercer at the Puerto Manzanall II (Spain) service station. It was diesel A and happened during unloading in the manhole pit. The fuel was extracted and the area was cleaned, then a study of the soil was carried out immediately to verify that it was under control and the risk was low.

3.5.5 Making the business more circular

[GRI 306-1] Waste generation and significant waste-related impacts

Cepsa generates various kinds of waste which can be grouped together by area of activity, type and composition.

Depending on the activity, we distinguish between waste generated directly from production processes, from maintenance operations, from construction and demolition and waste inherent in office work, kitchens and other functions performed by our people at the various Cepsa sites.

We classify waste as hazardous, non-hazardous or municipal based on type and composition.

We separate all these types of waste at source and prepare it for delivery to authorised waste management companies with the aim of eliminating environmental risks, maximising recovery of waste and performing the appropriate treatment or final disposal.

In Exploration & Production, after treating and inerting waste comprising drilling mud and cuttings, we deposit it onsite at a location allowed under the environmental permit.

[GRI 306-3] Waste generated

Hazardous and non-hazardous waste managed in 2022-2018 (tonnes)

Composition of the waste generated	Year	Waste managed	Waste diverted from disposal	Waste directed to disposal
Hazardous waste	2022	34,168	21,029	13,139
	2021	32,740	20,872	11,868
	2020	35,000	19,336	15,664
	2019	40,761	16,661	24,099
	2018	41,290	14,783	26,507
Non-hazardous waste (1)	2022	28,600	19,372	9,228
	2021	24,114	14,176	9,938
	2020	17,174	9,489	7,685
	2019	25,855	11,704	14,151
	2018	44,370	16,471	27,899
Total hazardous and non-hazardous	2022	62,768	40,401	22,367
	2021	56,855	35,049	21,806
	2020	52,174	28,825	23,349
	2019	66,616	28,366	38,250
	2018	85,660	31,253	54,406

1. The increase in non-hazardous waste diverted from disposal compared with previous years was due to the waste generated during the abandonment campaigns in the Casanare (Colombia) field.

[GRI 306-4] Waste diverted from disposal**Waste reused, recycled and recovered, avoiding disposal, in 2022 (tonnes)**

Composition of the waste generated	Recovery operations	Onsite	Offsite	Total
Hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	862	862
	Other recovery operations	0	20,169	20,169
	Total			21,031
Non-hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	8,061	8,061
	Other recovery operations	0	11,311	11,311
	Total			19,372

Waste reused, recycled and recovered, avoiding disposal, in 2021 (tonnes)

Composition of the waste generated	Recovery operations	Onsite	Offsite	Total
Hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	1,242	1,242
	Other recovery operations	0	19,630	19,630
	Total			20,872
Non-hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	1,517	1,517
	Other recovery operations	0	12,660	12,660
	Total			14,177

Waste reused, recycled and recovered, avoiding disposal, in 2020 (tonnes)

Composition of the waste generated	Recovery operations	Onsite	Offsite	Total
Hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	577	577
	Other recovery operations	0	18,759	18,759
	Total			19,336
Non-hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	1,023	1,023
	Other recovery operations	0	8,467	8,467
	Total			9,490

Waste reused, recycled and recovered, avoiding disposal, in 2019 (tonnes)

Composition of the waste generated	Recovery operations	Onsite	Offsite	Total
Hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	2,116	2,116
	Other recovery operations	0	14,546	14,546
	Total			16,661
Non-hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	620	620
	Other recovery operations	0	11,084	11,084
	Total			11,704

Waste reused, recycled and recovered, avoiding disposal, in 2018 (tonnes)

Composition of the waste generated	Recovery operations	Onsite	Offsite	Total
Hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	148	148
	Other recovery operations	0	14,635	14,635
	Total			14,783
Non-hazardous waste	Preparation for reuse	0	0	0
	Recycling	0	465	465
	Other recovery operations	0	16,005	16,005
	Total			16,470

[GRI 306-5] Waste directed to disposal**Waste directed to disposal in 2022 by disposal operation (tonnes)**

Composition of the waste generated	Disposal operations	Onsite	Offsite	Total
Hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	52	52
	Landfilling	0	13,087	13,087
	Other disposal operations	0	0	0
	Total			13,139
Non-hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	86	86
	Landfilling	0	9,142	9,142
	Other disposal operations	0	0	0
	Total			22,367

Waste directed to disposal in 2021 by disposal operation (tonnes)

Composition of the waste generated	Disposal operations	Onsite	Offsite	Total
Hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	1,388	1,388
	Landfilling	0	10,480	10,480
	Other disposal operations	0	0	0
	Total			11,868
Non-hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	91	91
	Landfilling	0	9,847	9,847
	Other disposal operations	0	0	0
	Total			9,938

Waste directed to disposal in 2020 by disposal operation (tonnes)

Composition of the waste generated	Disposal operations	Onsite	Offsite	Total
Hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	350	350
	Landfilling	0	15,315	15,315
	Other disposal operations	0	0	0
	Total			15,664
Non-hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	227	227
	Landfilling	0	7,458	7,458
	Other disposal operations	0	0	0
	Total			7,685

Waste directed to disposal in 2019 by disposal operation (tonnes)

Composition of the waste generated	Disposal operations	Onsite	Offsite	Total
Hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	460	460
	Landfilling	0	23,640	23,640
	Other disposal operations	0	0	0
	Total			24,099
Non-hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	123	123
	Landfilling	0	14,026	14,026
	Other disposal operations	0	0	0
	Total			14,150

Waste directed to disposal in 2018 by disposal operation (tonnes)

Composition of the waste generated	Disposal operations	Onsite	Offsite	Total
Hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	97	97
	Landfilling	0	26,410	26,410
	Other disposal operations	0	0	0
	Total			26,507
Non-hazardous waste	Incineration (with energy recovery)	0	0	0
	Incineration (without energy recovery)	0	73	73
	Landfilling	0	27,827	27,827
	Other disposal operations	0	0	0
	Total			27,900

[SASB EM-RM-150a.1 / SASB RT-CH-150a.1] Amount of hazardous waste generated, percentage recycled (1)**Hazardous waste recycled (2022-2018) (tonnes)**

	2022	2021	2020	2019	2018
Total	62 %	64 %	55 %	41 %	36 %

1. Rest of the indicator answered in GRI 306-3.

[GRI 301-1] Materials used by weight or volume**Materials used (2022-2018) (thousand tonnes)**

	2022		2021		2020		2019		2018	
	Renewable	Non-renewable	Renewable	Non-renewable	Renewable	Non-renewable	Renewable	Non-renewable	Renewable	Non-renewable
Total	391	23,739	453	23,150	404	22,221	506	25,069	441	25,824

[GRI 301-2] Recycled input materials used**Recycled raw materials (2022-2018) (tonnes)**

	2022	2021	2020	2019	2018
Total	2,180	1,300	240	250	0

3.5.6 Continuous control of our air emissions

[GRI 305-7] [SASB EM-EP-120a.1 / SASB EM-RM-120a.1 / SASB RT-CH-120a.1] Nitrogen oxides (NOx), sulfur oxides (SOx) other significant air emissions

Non-GHG air emissions by type (2022-2018) (tonnes)

Non-GHG emissions	2022	2021	2020	2019	2018
NOx	8,830	8,268	9,055	11,643	8,097
SOx	5,508	4,453	4,079	5,101	5,319
VOC	1,133	1,350	1,794	2,529	1,396
Particulate matter	537	490	438	642	332

3.6 A WORKPLACE READY FOR CHANGE

3.6.1 Workforce overview

[GRI 405-1] Diversity of governance bodies and employees

Diversity of governance bodies and employees in 2022 and 2021 by gender and age group

		2022		2021	
		Board of Directors	Board of Directors %	Board of Directors	Board of Directors %
Gender	Women	1	10 %	1	10 %
	Men	9	90 %	9	90 %

		2022		2021	
		Management Committee	Executives %	Management Committee	Executives %
Age group	Under 30 years old	0	— %	0	— %
	30-50 years old	2	18 %	1	11 %
	Over 50 years old	9	82 %	8	89 %
Gender	Women	3	27 %	1	11 %
	Men	8	73 %	8	89 %

Breakdown of employees by gender in 2022-2021

2022			2021		
Women	Men	Total	Women	Men	Total
3,915	6,395	10,310	3,650	6,170	9,820

Employees in 2022 by employee category, gender and age group¹

Employee category	Under 30 years old				30-50 years old				Over 50 years old				Total
	Women	Women, %	Men	Men, %	Women	Women, %	Men	Men, %	Women	Women, %	Men	Men, %	
Executives	0	— %	0	— %	19	31 %	42	69 %	17	22 %	62	78 %	140
Department heads	0	— %	1	100 %	131	29 %	324	71 %	71	24 %	223	76 %	750
Senior-level technical staff	52	36 %	94	64 %	521	36 %	907	64 %	138	24 %	429	76 %	2,141
Mid-level technical staff	81	57 %	61	43 %	192	28 %	487	72 %	105	23 %	342	77 %	1,268
Specialists	309	46 %	356	54 %	1,623	45 %	1,987	55 %	588	37 %	990	63 %	5,853
Clerical staff	10	77 %	3	23 %	24	60 %	16	40 %	7	33 %	14	67 %	74
Assistants	1	11 %	8	89 %	12	24 %	39	76 %	14	58 %	10	42 %	84
Total	453		523		2,522		3,802		940		2,070		10,310

¹ In 2022, the percentage of women promoted was 37%.

Employees in 2021 by employee category, gender and age group

Employee category	Under 30 years old				30-50 years old				Over 50 years old				Total
	Women	Women, %	Men	Men, %	Women	Women, %	Men	Men, %	Women	Women, %	Men	Men, %	
Executives	0	— %	0	— %	14	33 %	29	67 %	8	12 %	61	88 %	112
Department heads	1	50 %	1	50 %	116	27 %	308	73 %	65	25 %	200	75 %	691
Senior-level technical staff	34	29 %	84	71 %	500	38 %	828	62 %	122	24 %	387	76 %	1,955
Mid-level technical staff	19	40 %	29	60 %	224	30 %	527	70 %	88	21 %	332	79 %	1,219
Specialists	245	45 %	300	55 %	1,585	44 %	2,055	56 %	547	37 %	939	63 %	5,671
Clerical staff	8	73 %	3	27 %	34	62 %	21	38 %	14	52 %	13	48 %	93
Assistants	3	17 %	15	83 %	11	26 %	31	74 %	11	58 %	8	42 %	79
Total	310		432		2,484		3,799		855		1,940		9,820

Share of female workers in 2022 and 2021

We are committed to having women represent 30% of management positions by 2025.

	2022	2021
Share of women in total employees	38 %	37 %
Share of women in all management positions, including junior, middle and senior management	27 %	25 %
Share of women in junior management positions	27 %	26 %
Share of women in senior management positions	26 %	19 %
Share of women in management positions in key revenue-generating roles	18 %	18 %
Share of women in STEM-related positions	19 %	17 %

Total number and distribution of employees in 2022 and 2021 by gender and country

Country	2022			2021		
	Women	Men	Total	Women	Men	Total
Algeria	8	86	94	12	103	115
Belgium	3	5	8	5	4	9
Brazil	39	146	185	37	142	179
Canada	17	55	72	17	54	71
China	26	107	133	25	101	126
Colombia	32	92	124	36	100	136
United Arab Emirates	5	29	34	5	22	27
Spain	3,431	5,552	8,983	3,139	5,321	8,460
United States	0	0	0	0	0	0
Italy	1	6	7	2	4	6
Malaysia	0	1	1	0	1	1
Morocco	0	1	1	0	2	2
Mexico	6	6	12	5	7	12
Netherlands	2	3	5	3	3	6
Peru	4	25	29	5	26	31
Portugal	333	274	607	341	270	611
UK	5	4	9	4	5	9
Singapore	3	4	7	2	4	6
Thailand	0	0	0	11	3	14
Total	3,915	6,395	10,310	3,649	6,171	9,820

[GRI 2-7] Employees**Breakdown of employees in 2022 and 2021 by part-time/full-time and by region**

Region (1)	Employment type	2022			2021		
		Women	Men	Total	Women	Men	Total
Spain	Permanent	3,173	5,341	8,514	2,646	4,928	7,574
	Temporary	258	211	469	493	393	493
	Full-time	3,223	5,419	8,642	2,960	5,206	8,166
	Part-time	208	133	341	179	115	294
Americas	Permanent	97	315	412	100	329	429
	Temporary	1	9	10	0	0	0
	Full-time	98	324	422	100	329	429
	Part-time	0	0	0	0	0	0
Asia	Permanent	34	139	173	42	128	129
	Temporary	0	2	2	1	3	4
	Full-time	34	141	175	43	131	174
	Part-time	0	0	0	0	0	0
Europe	Permanent	323	270	593	328	268	596
	Temporary	21	21	42	27	17	44
	Full-time	338	285	623	349	277	626
	Part-time	6	6	12	6	8	14
Africa	Permanent	8	87	95	12	105	117
	Temporary	0	0	0	0	0	0
	Full-time	8	87	95	12	105	117
	Part-time	0	0	0	0	0	0

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

2. The sum of permanent and temporary employees yields the total headcount. Likewise, the sum of full-time and part-time employees yields that same total.

Average annual number of permanent, temporary and part-time contracts by gender, age and employee category

Average annual number of permanent and temporary employment contracts in 2022 and 2021 by employee category, age and gender

Employee category	2022		2021	
	Permanent	Temporary	Permanent	Temporary
Executives	125	0	105	0
Department heads	729	0	650	0
Senior-level technical staff	2,045	19	1,913	31
Mid-level technical staff	1,209	13	1,209	34
Specialists	5,101	766	4,839	820
Clerical staff	71	3	99	1
Assistants	71	16	71	5
Age group				
Under 30 years old	569	329	379	346
30-50 years old	5,923	431	5,848	475
Over 50	2,859	57	2,658	69
Gender				
Women	3,386	446	3,112	494
Men	5,965	370	5,773	396

Average annual number of full-time and part-time employment contracts in 2022 and 2021 by employee category, age group and gender

Employee category	2022		2021	
	Full-time	Part-time	Full-time	Part-time
Executives	125	0	106	0
Department heads	721	8	644	6
Senior-level technical staff	2,024	39	1,915	28
Mid-level technical staff	1,221	1	1,242	1
Specialists	5,581	286	5,420	238
Clerical staff	73	1	99	0
Assistants	84	3	73	3
Age group				
Under 30 years old	797	101	649	76
30-50 years old	6,176	178	6,172	152
Over 50	2,857	59	2,679	48
Gender				
Women	3,630	203	3,439	167
Men	6,200	134	6,061	109

3.6.2 Talent with purpose

Employee satisfaction

Our approach to managing employee engagement is predicated on a model of continuous feedback, which gives us insight into our people's concerns so we can implement improvement plans. This type of active listening model at Cepsa is articulated through our internal digital platform, Connect, which allows surveys to be handled quickly and efficiently.

The scope of the feedback model is corporate-wide, covering all businesses and countries where Cepsa has operations. At strategic level, the feedback schedule is set annually, along with the frequency, the questions and the indicators for measuring satisfaction.

Key issues assessed over the course of 2022:

- Engagement: survey on engagement to assess employee satisfaction levels, measure levels of engagement and draw up general and specific action plans.
- Ethics and regulatory compliance: fourth edition of the ethics and regulatory compliance survey to collect employees' viewpoints on how the company has advanced towards building a strong ethical culture.
- Diversity: the second diversity survey to gauge employees' perception and design tailored action plans.
- Culture and values: framed by the project to redefine our corporate values, we asked all workers what values they identified with most.

[GRI 3-3] Management of material topics - employment practices

Cepsa has programmes to help students and recent university graduates start their career at a leading company where they can learn and improve each day.

- Grants for dual vocational training: internships tailored to young people's needs and support and advice from occupational tutors.
- Inspire VT: permanent contracts for advanced vocational training graduates.
- Welcome U: curricular or extracurricular internships for students while they continue their studies.
- Developing U: opportunity to carry out undergraduate or master's dissertations with the support of the company's experts.
- Challenging U: offer of a permanent contract and certain perks to recent graduates in a number of company departments in addition to training during their first year.

Organisation of working time

Cepsa tailors working conditions as far as possible to each activity and business's individual characteristics and to its peoples' needs. It does so while strictly abiding by the law.

Of all employment conditions, working time is particularly important. Depending on the activity, work is performed in shifts or 'normal' working hours.

Collective bargaining agreements set out the various types of employee working hour arrangements, the annual work schedule, timetables, types of employment arrangements, performance and, where appropriate, compensation scheme. They also specify calendars, work cycles, holidays and leave.

Most staff in industry and service stations work shifts, with different sequences and rotation cycles. The corporate and sales areas use the flexitime model, with completely flexible hours.

Average length of service

Average length of service of employees in 2022 and 2021 (years)

	2022	2021
Average length of service (years)	12	13

[GRI 401-1] New employees hires and employee turnover

New hires in 2022 by region and gender

Region (1)	Under 30 years old				30-50 years old				Over 50 years old				Total	Percentage
	New hires		Rate of new hires		New hires		Rate of new hires		New hires		Rate of new hires			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men		
Spain	577	715	158 %	178 %	825	612	37 %	19 %	112	155	13 %	8 %	2,996	33 %
Americas	1	10	10 %	43 %	6	20	9 %	10 %	2	2	11 %	2 %	41	10 %
Asia	2	7	20 %	23 %	1	13	4 %	13 %	1	2	— %	22 %	26	15 %
Africa	0	0	— %	— %	0	0	— %	— %	0	0	— %	— %	0	— %
Europe	75	73	112 %	107 %	61	39	31 %	27 %	15	10	19 %	13 %	273	43 %
Total	655	805	145 %	154 %	893	684	35 %	18 %	130	169	14 %	8 %	3,336	32 %

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

New hires in 2021 by region and gender

Region (1)	Under 30 years old				30-50 years old				Over 50 years old				Total	Percentage
	New hires		Rate of new hires		New hires		Rate of new hires		New hires		Rate of new hires			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men		
Spain	489	535	211 %	166 %	861	571	40 %	18 %	159	120	21 %	7 %	2,735	32 %
Americas	0	5	— %	31 %	7	7	9 %	3 %	0	1	— %	1 %	20	5 %
Asia	4	3	44 %	10 %	2	4	6 %	4 %	0	0	— %	— %	13	7 %
Africa	0	1	— %	100 %	0	2	— %	2 %	0	0	— %	— %	3	3 %
Europe	58	68	97 %	110 %	49	40	23 %	26 %	14	7	18 %	10 %	236	37 %
Total	551	612	178 %	142 %	919	624	37 %	16 %	173	128	20 %	7 %	3,007	31 %

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

Number of hires, average cost and percentage of positions filled with internal candidates in 2022 and 2021

	2022	2021
New hires (n ^o)	3,336	3,007
Vacancies filled by internal candidates (internal hires) (%)	10 %	16 %
Average cost of hiring/Headcount (€)	36,833	28,509

Voluntary departures in 2022 by region and gender

Region (1)	Under 30 years old				30-50 years old				Over 50 years old				Total	Percentage
	Voluntary departures		Turnover rate		Voluntary departures		Turnover rate		Voluntary departures		Turnover rate			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men		
Spain	72	77	20 %	19 %	101	61	5 %	2 %	11	5	1 %	— %	327	4 %
Americas	0	3	— %	13 %	5	25	7 %	12 %	0	1	— %	1 %	34	8 %
Asia	0	4	— %	13 %	2	6	8 %	6 %	0	0	— %	— %	12	7 %
Africa	0	0	— %	— %	1	1	17 %	2 %	0	0	— %	— %	2	2 %
Europe	23	27	34 %	40 %	37	22	19 %	15 %	7	2	9 %	3 %	118	19 %
Total	95	111	21 %	21 %	146	115	6 %	3 %	18	8	2 %	— %	493	28 %

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

Voluntary departures in 2021 by region and gender

Region (1)	Under 30 years old				30-50 years old				Over 50 years old				Total	Percentage
	Voluntary departures		Turnover rate		Voluntary departures		Turnover rate		Voluntary departures		Turnover rate			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men		
Spain	55	67	24 %	21 %	69	67	3 %	2 %	13	6	2 %	— %	277	3 %
Americas	0	0	— %	— %	8	5	11 %	2 %	0	0	— %	— %	13	3 %
Asia	1	2	11 %	6 %	3	3	9 %	3 %	0	1	— %	20 %	10	6 %
Africa	0	0	— %	— %	0	0	— %	— %	0	0	— %	— %	0	— %
Europe	16	17	27 %	27 %	20	15	9 %	10 %	5	2	6 %	3 %	75	12 %
Total	72	86	23 %	20 %	100	90	4 %	2 %	18	9	2 %	— %	375	4 %

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

Total departures in 2022 by region and gender

Region (1)	Under 30 years old				30-50 years old				Over 50 years old				Total	Percentage
	Total departures		Turnover rate		Total departures		Turnover rate		Total departures		Turnover rate			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men		
Spain	420	578	115 %	144 %	731	474	33 %	14 %	134	213	16 %	11 %	2550	28 %
Americas	0	4	— %	17 %	5	30	7 %	15 %	3	11	17 %	12 %	53	13 %
Asia	0	4	— %	13 %	12	11	50 %	11 %	1	0	— %	— %	28	16 %
Africa	0	0	— %	— %	1	2	17 %	3 %	0	1	— %	5 %	4	4 %
Europe	57	51	85 %	75 %	63	40	32 %	28 %	19	7	25 %	9 %	237	37 %
Total	477	637	105 %	122 %	812	557	32 %	15 %	157	232	17 %	11 %	2,872	28 %

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

Total departures in 2021 by region and gender

Region	Under 30 years old				30-50 years old				Over 50 years old				Total	Percentage
	Total departures		Turnover rate		Total departures		Turnover rate		Total departures		Turnover rate			
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men		
Spain	390	436	168 %	135 %	716	477	33 %	15 %	150	164	20 %	9 %	2,333	4 %
Americas	1	0	13 %	— %	11	13	15 %	6 %	2	16	11 %	17 %	43	10 %
Asia	3	7	33 %	23 %	17	8	52 %	8 %	1	5	100 %	100 %	41	24 %
Africa	0	0	— %	— %	0	1	— %	1 %	0	0	— %	— %	1	1 %
Europe	34	58	57 %	94 %	38	34	18 %	22 %	10	5	13 %	7 %	179	28 %
Total	428	501	138 %	116 %	782	533	31 %	14 %	163	190	19 %	10 %	2,597	26 %

1. America: Brazil, Canada, Colombia, the United States, Mexico and Peru. Asia: China, UAE, Malaysia, Singapore and Thailand. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom. Africa: Algeria and Morocco.

Involuntary departures in 2022 and 2021 by gender, age and employee category

	2022							2021						
	Under 30 years old		30-50 years old		Over 50 years old		Total	Under 30 years old		30-50 years old		Over 50 years old		Total
	Women	Men	Women	Men	Women	Men		Women	Men	Women	Men	Women	Men	
Executives	0	0	0	0	0	4	4	0	0	0	0	0	2	2
Department heads	0	0	1	2	6	10	19	0	0	0	1	0	3	4
Senior-level technical staff	0	0	6	1	1	6	14	2	0	7	6	0	6	21
Mid-level technical staff	0	0	7	1	3	5	16	1	1	6	0	1	2	11
Specialists	2	6	17	14	3	13	55	1	3	8	8	4	6	30
Clerical staff	0	0	2	1	1	0	4	0	1	2	1	2	0	6
Assistants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	6	33	19	14	38	112	4	5	23	16	7	19	74

Employee turnover rate in 2022 and 2021

	2022	2021
Total employee turnover rate (1)	7 %	5 %
Voluntary employee turnover rate	5 %	4 %

1. Does not include temporary employees. The rate including temporary employees is 28 % in 2022 and 26 % in 2021.

Hours of absenteeism

Hours of absenteeism in 2022 and 2021 by gender

	2022			2021		
	Women	Men	Total	Women	Men	Total
Hours of absenteeism (1)	468,606	621,845	1,090,451	347,465	457,817	805,282

1. Hours of absenteeism do not include hours for work-related injuries or occupational disease.

3.6.3 A diverse and inclusive workplace

[GRI 3-3] - Management of material topics - non-discrimination and equal opportunities

Joint action with workers' legal representatives is a key tool for ensuring employment relationships that are free of employment and job discrimination, commitment to respecting the human rights of all our people and providing a working environment that promotes utmost respect for people's dignity. This joint action avoids at all times any type of discriminatory behaviour on grounds of sex, ethnic origin, beliefs, religion, age, disability, political affiliation, sexual orientation, nationality, citizenship, marital status, socioeconomic status or any other circumstances. No incidents occurred in Spain in 2022.

As stated in its Human Rights Policy, Cepsa is committed to respecting the human rights of all its employees and promoting a working environment that promotes utmost respect for the dignity of all people, preventing at all times discriminatory behaviour on the basis of sex, ethnic background, creed, religion, age, disability, political affiliation, sexual orientation, nationality, citizenship, marital status, socioeconomic status or any other circumstances.

Respect for principles of diversity and inclusion is also clearly enshrined in our Code of Ethics and Conduct and Human Resources Policy. The importance of this commitment within our culture is also illustrated in our Diversity and Inclusion Policy.

These policies and procedures contain measures to ensure the protection of our workers. Essentially, they target three areas of action. Firstly, reporting the situation to the Human Resources Department and allowing workers' representatives, the person involved or any employee to lodge a complaint. Secondly, initiating an investigation to substantiate whether or not the alleged incident of harassment has occurred. Thirdly, for incidents that have been substantiated, determining disciplinary measures where needed and action plans to restore the workplace climate.

In parallel, according to the harassment procedure the company's Ethics and Compliance Committee receives reports on both complaints of harassment filed and those addressed.

Incidences of harassment, in breach of the Code of Ethics and Conduct and internal rules and regulations, are handled mostly through the Ethics and Compliance Channel.

We have also put in place policies and reached agreements with trade unions on guidelines for action to investigate complaints of sexual harassment and mobbing.

In 2022, we updated our equality plans and Protocol against Gender-based Harassment.

Equality plans

Depending on the number of employees, Cepsa Group companies either have an equality plan or a set of measures that articulate their commitment to equality. In either case, follow-up information on the equality plans or sets of measures is provided to workers' representatives in the annual report. At companies that do not have such representation, monitoring is carried out by their human resources unit.

Universal accessibility

We have a specific procedure designed to ensure that workstations are adapted so that they are accessible to people at Torre Cepsa according to each person's specific situation. The aim is to provide people with disabilities access to employment, enable them to carry out their jobs, afford them career opportunities and give them access to training in line with related regulations.

Our Diversity and Inclusion Policy outlines specific integration plans for people with disabilities, providing all the necessary adjustments which will help us to continue advancing.

On this front, we signed an agreement with ILUNION in 2022 to conduct a comprehensive review of our physical and digital accessibility. We also undertook a variety of actions in conjunction with the Eurofirms Foundation to address real situations that people with disabilities face daily.

Breakdown of employees with disabilities in 2022 and 2021

	2022	2021
Employees with disabilities (no.)	127	116
Employees with disabilities (%)	1.29 %	1.22 %

Breakdown of employees in 2022 and 2021 by age group

	2022	2021
Under 30 years old (%)	9 %	8 %
30-50 years old (%)	61 %	64 %
Over 50 years old (%)	29 %	28 %

Breakdown of employees in 2022 and 2021 by nationality

Nationality	2022		2021	
	Share of total employees (%)	Share of total management positions (%)	Share of total employees (%)	Share of total management positions (%)
Spanish	84 %	86 %	84 %	82 %
Portuguese	6 %	1 %	6 %	2 %
Brazilian	2 %	— %	2 %	2 %
Colombian	2 %	— %	2 %	4 %
Chinese	1 %	— %	1 %	1 %
Other nationalities	5 %	13 %	5 %	9 %

[GRI 401-3] Parental leave**Paternity and maternity leave in 2022 and 2021**

	2022			2021		
	Women	Men	Total	Women	Men	Total
Employees entitled to parental leave in the reporting period (no.)	95	132	227	71	141	212
Employees that took parental leave in the reporting period (no.)	133	225	358	110	212	322
Employees that returned to work in the reporting period after parental leave ended (no.)	94	206	300	98	198	296
Employees that returned to work in the previous reporting period after parental leave ended (no.)	98	198	296	108	180	288
Employees that returned to work in the previous reporting period after parental leave ended that were still employed 12 months after their return to work (no.)	80	183	263	98	167	265
Return to work rate (%)	71 %	92 %	84 %	89 %	93 %	92 %
Retention rate (%)	82 %	92 %	89 %	91 %	93 %	92 %

Promotion of local hiring

At Cepsa, we encourage enhancement of local employability and promote partnership initiatives to create jobs in the areas where our facilities are located.

Cepsa's industry sustainability agreement with workers' representative at its refineries and chemical plants includes a pledge to promote, support and design training actions to upskill local personnel, to encourage dual vocational training for industrial jobs and favour, to the extent possible, employment of people from the communities where we have our industrial facilities.

We also partner with several universities in the areas where we have facilities to provide students with a glimpse of the business world, to enable us to learn more about each other and to promote research.

[GRI 202-2] Proportion of senior management hired from the local community**Local senior managers in 2022 and 2021**

	2022	2021
Senior managers (Management Committee and Executives) from the local community (no.)	119	93
Senior managers (Management Committee and Executives) (no.)	140	112
Senior managers from the local community (%)	85 %	83 %

3.6.4 Learning culture

[404-1] Average hours of training per year per employee

Total and average hours of training per employee in 2022 by category and gender

	Women	Men	Total	Training hours per employee
Executives	1,186	2,674	3,860	28
Department heads	10,311	25,181	35,492	47
Senior-level technical staff	33,701	77,185	110,886	52
Mid-level technical staff	13,678	43,249	56,927	45
Specialists	36,825	160,106	196,931	34
Clerical staff	951	567	1,518	21
Assistants	269	5,090	5,359	64
Total	96,921	314,052	410,973	40

Training hours per employee in 2022 by gender¹

Female	Male
25	49

1. The Energy Parks and Chemicals businesses received the highest number of training hours because of the industrial training required in the plants. This also explains why the training ratio between men and women was different. Given the nature of these businesses, there are more men at our industrial facilities.

Total and average hours of training per employee in 2021 by category and gender

	Women	Men	Total	Average hours of training
Executives	518	1,690	2,208	20
Department heads	11,806	24,663	36,469	53
Senior-level technical staff	28,331	64,035	92,366	47
Mid-level technical staff	7,841	39,304	47,145	39
Specialists	30,123	148,806	178,929	32
Clerical staff	910	610	1,520	16
Assistants	493	3,721	4,214	53
Total	80,022	282,829	362,851	37

Training hours per employee in 2021 by gender¹

	Women	Men
	22	46

1. The Energy Parks and Chemicals businesses received the highest number of training hours because of the industrial training required in the plants. This also explains why the training ratio between men and women was different. Given the nature of these businesses, there are more men at our industrial facilities.

[GRI 403-5] Worker training on occupational health and safety

Training on occupational health and safety is a key component of Cepsa's training plans. At all workplaces, activities related with the risks inherent in the various positions and general risks applicable to the specific workplace are scheduled bearing in mind the activity and circumstances. The main global activities that are significant due to either their volume or their cross-cutting nature in 2022 included:

- Basic OHS qualification: the percentage of personnel yet to obtain the qualification did so during the year, taking the office (30 hours) or industrial (50 hours) OHS courses.
- A specific course on OHS in service stations.
- Fire drills and prevention exercises.
- Specific first aid training.
- Training on personal protective equipment at industrial facilities, which is updated regularly along with actions to take in the event of emergencies in our offices.
- Training on the LOTO safety procedure to ensure equipment is prepared for maintenance work without incurring risks of accidental fires.

[GRI 404-2] Programs for upgrading employee skills and transition assistance programs

Training targets the most relevant aspects of our businesses, but we also promote training on safety and risk prevention.

We encourage employee self-development using the content offered on the company's campus, an online platform with free access to myriad educational elements for all staff. New spaces are now for specialised content per business and department are now being created as part of an initiative to reorganise content and enhance employees' learning experience.

In the area of transition assistance, we provide: pre-retirement planning for employees ending their careers through retirement; retraining for those intending to continue their careers; and severance pay, which can take into account employee age and years of service, for those ending their career through termination. Employees who are terminated may be offered job placement services and assistance (such as training, counselling) so they can find another job.

3.6.5 Remuneration: competitiveness and engagement

[GRI 2-19] Remuneration policies

Remuneration of the members of the Board of Directors is regulated by the Remuneration Policy for Directors approved by both the Board and the General Shareholders' Meeting. The Board is responsible for adopting and regularly reviewing the policy's general principles and ensuring that they are applied.

The Nomination and Compensation Committee is tasked with reviewing and approving the remuneration of senior management and the implementing policies. These policies are reviewed annually.

[GRI 2-20] Process to determine remuneration

Remuneration of members of the Board of Directors in their capacity as such is approved by the Board of Directors and General Shareholders' Meeting on a recommendation by the Nomination and Compensation Committee based on the duties and responsibilities ascribed to them, their individual role on the Board of Directors and its committees and other objective circumstances deemed relevant.

The system of director remuneration entails a fixed annual amount for directors in their capacity as such determined by the General Shareholders' Meeting and distributed among all directors.

The system of remuneration for directors performing executive duties in the company, in addition to adhering to principles of transparency, prudence and compliance with corporate governance recommendations, is dictated by market trends, alignment with shareholders' objectives, compatibility with appropriate and effective risk management in accordance with the risk management policy, a balanced remuneration mix between fixed and variable components, and a short-, medium- and long-term vision that encourages strategic performance by directors.

Therefore, the remuneration policy is geared towards generating value for the company through alignment with the interests of shareholders, prudent risk management and complete respect for good corporate governance recommendations.

In 2016, the Nomination and Compensation Committee engaged an external consultant to assess the structure and competitiveness of the remuneration policies of executive directors and senior managers. Based on the conclusions of this assessment, we came up with a proposal to implement an action plan to adjust the structure of senior managers' remuneration and bring it to the desired levels.

In 2018 and again in 2022, the Nomination and Compensation Committee asked the consultant for another review of the remuneration structure and competitiveness. It concluded both times that the plan was satisfactory as is and should continue to apply.

Remuneration of executive directors and senior managers comprises a fixed component, short- and long-term variable components and benefits (primarily pension plans, company car, petrol, parking and medical insurance, life and accident insurance).

The remuneration policy is geared towards generating value for the company and alignment with the interests of shareholder through prudent risk management and complete respect for good corporate governance recommendations.

[GRI 2-21] Annual total compensation ratio**Ratio and trend in the ratio of annual total compensation in 2022 and 2021¹**

	2021	2021	Trend in ratio (2)
	39.00	27.96	9.3

1. The fixed salary of the highest-earning individual did not increase in 2022. However, that individual did earn a bigger bonus as a result of a better earnings performance in 2021 (paid in 2022) relative to 2020 (paid in 2021) and the higher weight of his variable compensation affects the trend in the ratio.

2. The ratio evolution formula considers employees in 2022 who were employed by the company in 2021.

[GRI 405-2] Ratio of basic salary and remuneration of women to men**Ratio¹ of remuneration of women to men in 2022 and 2021 by employee category and significant locations²**

Country	2022							2021						
	Executives	Department heads	Senior-level technical staff	Medium technician	Specialists	Clerical staff	Assistants	Executives	Department heads	Senior-level technical staff	Medium technician	Specialists	Clerical staff	Assistants
Spain	0.83	0.93	0.92	0.81	0.71	0.95	0.92	0.74	0.91	0.92	0.84	0.71	1.01	0.86
Americas	—	0.88	0.74	0.71	1.08	3.33	5.13	—	0.89	0.74	1.08	0.94	0.79	4.54
Asia	—	0.79	0.95	0	0.76	0.86	—	—	0.74	1.49	1.98	1.09	—	1.79
Europe	—	0.81	0.92	0.9	1.1	0.42	—	—	0.73	0.87	0.85	1.1	1.06	—
Africa	—	—	1.38	0.66	—	1.38	—	—	—	0.99	0.8	—	1.03	—
all locations	0.83	0.93	0.91	0.82	0.71	0.89	0.94	0.74	0.91	0.91	0.87	0.70	0.92	1.00

1. Ratio of women to men: average remuneration of women/average remuneration of men. hombres.

2. Empty cells correspond to disclosures for which there are no employees of both genders.

Average pay and trend broken down by gender, age, employee category or equivalent metric

Average remuneration 2022 and 2021 by employee category, age and gender (€)

Employee category	2022	2021
Executives	386,803	305,658
Department heads	110,906	104,928
Senior-level technical staff	59,487	56,184
Mid-level technical staff	41,699	40,159
Specialists	25,319	24,366
Clerical staff	27,887	31,383
Assistants	18,776	17,257
Age group		
Under 30 years old	22,616	20,349
30-50 years old	43,978	40,409
Over 50	56,089	49,568
Gender		
Female	35,779	32,319
Male	51,435	46,925

Average remuneration in 2022 and 2021 by gender and employee category¹ (€)

Employee level	2022		2021	
	Female	Male	Female	Male
Executives	336,572	404,359	237,468	322,514
Executives (basic salary)	178,745	205,059	151,380	182,748
Department heads	105,121	113,043	97,681	107,534
Department head (basic salary)	79,712	85,299	75,548	79,992
Senior-level technical staff	55,678	61,383	52,837	57,863
Mid-level technical staff	36,102	44,077	36,060	41,682
Specialists	20,603	28,886	19,507	27,882
Clerical staff	26,478	29,637	30,310	32,980
Assistants	18,004	19,143	17,301	17,234
Other employees (basic salary) (2)	25,926	34,158	24,941	32,592

1. Ratio of women to men: average remuneration of women/average remuneration of men.

2. Other employees includes Senior-level technical staff, Mid-level technical staff. Specialists, Clerical staff and Assistants.

Average and median compensation for all employees in 2022 and 2021 (€)

	2022	2021
Average compensation for all employees (excluding the CEO)	45,488	41,494
Median compensation for all employees (excluding the CEO)	33,647	32,490

Average remuneration of directors and executives in 2022 and 2021 by type of remuneration (thousand €)

Category	Year	Fixed remuneration	Variable remuneration	Directors' fees	Other items	Pension plans and funds	Termination benefits
Executive directors	2022	1,440	979	225	3,080	313	0
	2021	800	595	182	3	199	233
Non-executive directors	2022	0	0	311	0	0	0
	2021	0	0	296	0	0	0

Gender pay gap

To prevent biases, our remuneration policies set common criteria for determining salaries and seek maximum objectivity in their application. All Cepsa companies have set up a remuneration register in accordance with the law to evaluate the current gender pay gap.

Considering all of our company's employees, the gross pay gap is 30.44%. However, this is very generic figure, since pay conditions are different in each of the countries in which we have operations. Therefore, we conducted a more in-depth analysis for the countries with the largest headcounts, i.e. Spain and Portugal. The gross pay gaps calculated for those countries were 30.05% and 21.96%, respectively. Although the overall figure is high, we also calculated the adjusted pay gap, comparing jobs of equal value held by people with similar characteristics. By that measure, the pay gaps in Spain and Portugal narrowed significantly, to 4.33% and 2.85%, respectively. The resulting figures are affected by the pay increases negotiated in 2022 under the scope of the collective bargaining agreements applicable in each business and the different female presence in each. Isolating that phenomenon, the pay gap was flat by comparison with 2021. We continue to implement a range of initiatives designed to eliminate the pay gap in as short a period of time as possible.

Gender pay gap in 2022 and 2021 by employee category (%)

	2022	2021
Executives	17 %	26 %
Department heads	7 %	9 %
Senior-level technical staff	9 %	9 %
Mid-level technical staff	18 %	13 %
Clerical staff	11 %	8 %
Specialists	29 %	30 %
Assistants	6 %	— %

3.6.6 Social dialogue and labour relations

[GRI 2-30] Collective bargaining agreements

Employees covered by collective bargaining agreements in 2022 and 2021 by country (%)

Country	2022	2021
Algeria	— %	— %
Belgium	— %	— %
Brazil	92 %	92 %
Canada	— %	— %
China	— %	— %
Colombia	— %	— %
United Arab Emirates	— %	— %
Spain	90 %	92 %
United States	— %	— %
Italy	86 %	83 %
Morocco	— %	— %
Malaysia	— %	— %
Mexico	92 %	92 %
Netherlands	— %	— %
Peru	— %	— %
Portugal	98 %	98 %
UK	— %	— %
Singapore	— %	— %
Thailand	— %	— %
Total	87 %	87 %

3.7 BECOMING A ZERO-ACCIDENT WORKPLACE

3.7.1 Work-related injuries

[GRI 403-4] Worker participation, consultation, and communication on occupational health and safety

Occupational health and safety play an important role in shaping employment conditions in collective bargaining agreements, which also include actions to foster a culture of prevention and promotion of healthy habits and environment and prioritise regular monitoring of employee health.

Cepsa has health and safety committees, which are the competent bodies under OHS regulations for worker participation, consultation and communication on occupational health and safety.

In 2022, we made inroads on actions aimed at managing emotions, in line with the various dimensions of COVID-19-related psychosocial risks to our employees.

[GRI 403-7] Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The assessment of risks for employees in positions linked by business relationships is conducted in the same way as for all other employees. Key features include:

- From the psychosocial viewpoint, specific psychosocial studies carried out using the Fpsico 3.1 approach on factors that could be related with customer service, entailing questionnaires and interviews.
- From the health viewpoint, the same general health monitoring procedures implemented at corporate level apply. All other employees are invited to voluntarily take an overall health test to analyse indicators on the state of their health that could be linked to working conditions.

[GRI 403-8] Workers covered by an occupational health and safety management system

In both 2022 and 2021, all employees and workers who are not employees were covered by an occupational health and safety management system in the company subject to internal audit. Moreover, in both 2022 and 2021, 98% of employees and 90% of workers who are not employees were covered by an occupational health and safety management system in the company subject to a third-party audit or certification.

Workplace accidents

Injury rates of employees and workers who are not employees in 2022 and 2021

	Employees		Workers who are not employees	
	2022	2021	2022	2021
Hours worked (n°)	16,393,493	16,604,936	10,239,959	10,066,957
Lost workday injury (n°)	9	11	18	15
Lost workday injury frequency (LWIF) (1)	0.55	0.66	1.76	1.49
Days lost by lost workday injuries (n°)	1,030	1,304	662	419
Injury severity rate (2)	62.83	78.53	64.65	41.62
Number of fatalities (n°)	0	0	0	0
Rate of fatalities	0	0	0	0

1. LWIF: Total number of lost workday injuries/Total number of hours worked x 1,000,000

2. Injury severity rate: Total number of days lost/Total number of hours worked x 1,000,000

[GRI 2-8] Workers who are not employees

Workers who are not employees (no.)	
2022	2021
5,039	5,619

[GRI 403-9] Work-related injuries

The main types of work-related injuries for Cepsa employees are: being trapped, falling on the same level, fire and explosions, falling to a lower level, being struck by an object and overexertion.

Work-related hazards that pose a risk of high-consequence injury are: falling to a different level, being struck by falling objects, being trapped, contacts with electricity and exposure to toxic and hazardous chemical products. These have been determined based on the experience built up by the company over the years, as well as experience in similar industries.

Risk assessments of jobs are performed. Employees and service companies are apprised of the risks and the preventive measures related to their jobs and training is provided before a person can carry out a job. The company also has systems in place to minimise and control these risks, with both operations and maintenance assessing the risks inherent to the specific task to be performed. In tandem, audits of work permits, inspections and safety walkthroughs are carried out, along with evaluations taking samples of exposure to pollutant chemicals.

During the reporting period, as in previous years, there were no fatalities of either employees or workers who are not employees.

High-consequence and recordable work-related injuries of employees in 2022 and 2021

High-consequence work-related injuries				Recordable work-related injuries			
2022		2021		2022		2021	
Number	Rate (1)	Number	Rate(1)	Number	TRIR (1)	Number	TRIR (1)
0	0	3	0.18	16	0.98	20	1.20

1. Rate and TRIR = (Number of accidents /total number of hours worked by employees) x 1,000,000

High-consequence and recordable work-related injuries of workers who are not employees in 2022 and 2021

High-consequence work-related injuries				Recordable work-related injuries			
2022		2021		2022		2021	
Number	Rate (1)	Number	Rate(1)	Number	TRIR (1)	Number	TRIR (1)
1	0.10	0	0	29	2.83	26	2.58

1. Rate and TRIR = (Number of accidents /total number of hours worked by employees) x 1,000,000

[SASB EM-EP-320a.1 / EM-RM-320a.1 / RT-CH-320a.1] Number of near misses and near miss frequency rate (NMFR)**Near misses and near miss frequency rate for work-related near misses in 2022 and 2021**

2022		2021	
Employees and workers who are not employees	Rate (1)	Employees and workers who are not employees	Rate (1)
678	25.46	1,921	72.02

1. Rate: (Number of near misses/total number of hours worked) x 1,000,000

[SASB EM-RM-540a.2] Challenges to Safety Systems indicator rate**Challenges to safety systems indicator rate¹ in 2022 and 2021**

2022	2021
5.09	14.40

1. Rate: (Total Tier 3 indicator count/total hours worked) x 200,000

[GRI 403-10] Work-related ill health

There were no cases of work-related ill health among employees or workers who are not employees in either 2022 or 2021. Accordingly, there were also no fatalities as a result of work-related ill health of employees or workers who are not employees in 2022 and 2021.

Cepsa enjoys a low rate of work-related ill health, with around 95% of work-related ill health of employees in 2022 having to do with physical injuries and musculoskeletal disorders. For sub-contractors, roughly 93% of work-related ill health related to physical injuries and musculoskeletal disorders.

The main work-related hazards with the potential to cause injury or ill health are: exposure to noise, exposure to chemical products, overexertion, manual handling of loads and driving vehicles (accidents going to or from work).

The hazards are determined based on an assessment of each job using models of the Spanish Institute of Occupational Health and Safety (INSST) and the preparation of incident investigation procedures and plans of action. Measures in place to minimise these risks entail safety training, awareness campaigns, information on each accident -including near misses- and the preventive measures designed to eliminate or minimise risks, as well as systematic review through ongoing inspections of facilities.

3.7.2 Process incidents

Safety incidents

Tier 1 and 2 process safety events in 2022 and 2021

2022			2021		
Tier 1	Tier 2	Total	Tier 1	Tier 2	Total
4	12	16	4	5	9

[SASB EM-EP-540a.1 / SASB EM-RM-540a.1 / SASB RT-CH-540a.1] Process safety event (PSE) rates for loss of primary containment (LOPC)

Process safety event (PSE)⁽¹⁾ rates for loss of primary containment in 2022 and 2021

2022		2021	
Tier 1 PSE rate	Tier 2 PSE rate	Tier 1 PSE rate	Tier 2 PSE rate
0.03	0.09	0.03	0.04

1. PSE rate: (Total process safety event (PSE) count/total hours worked) x 200,000.

Process safety total incident rate (PSTIR)⁽¹⁾ in the Chemicals business in 2022 and 2021

PSTIR	
Business	
Business	2022 2021
Chemicals	0.01 0.01

1. PSTIR: Process Safety Total Incident Rate. PSIC x 200,000 / total annual hours worked by employees, contractors and subcontractors.

[SASB RT-CH-540a.2] Operational safety, emergency preparedness and response

Operational safety, emergency preparedness and response in the Chemicals business in 2022 and 2021

Number of transport incidents	
Business	
Business	2022 2021
Chemicals	0 2

[EM-RM 540 a.3] Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators

Tier 4 indicators are proactive indicators used to identify weaknesses in safety management systems to analyse performance and prevent Tier 1 and Tier 2 process safety events (PSE). Cepsa's most relevant Tier 4 indicators focus on:

- Updated risk assessments of units.
- Recommendations arising from risk assessments, investigations of accidents, audits, drills, change management, etc.
- Delivery of safety and prevention training plans.
- Review of process safety procedures according to the agreed planning.
- Compliance with planned drills, safety walk-throughs, preventive safety recommendations and order and clean up plans.
- Rate of corrective and preventive actions implemented.
- Rate of safety inspections: number of preventive safety inspections (PSIs) carried out against the established target.

3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN

3.8.1 Description of the supply chain

[GRI 2-6] Activities, value chain and other business relationships / [GRI 204-1] Proportion of spending on local suppliers

Type of suppliers and purchase volume¹ in 2022

	Suppliers (n ²)	Suppliers (%)	Purchase volume (€) (1)	Total purchase volume (%)
Segment I (2)	76	2 %	631,613,768	54 %
Segment II (3)	143	4 %	243,360,124	21 %
Segment III (4)	296	9 %	163,598,153	14 %
Segment IV (5)	1,214	37 %	122,836,078	10 %
Segment V (6)	1,559	47 %	11,239,287	1 %
Total	3,288		1,172,647,410	

1. Purchase volume is calculated before VAT.

2. Segment I: Cepsa's main suppliers considered high impact (strategic) that represent more than 50% of annual procurement spend.

3. Segment II: Cepsa's main suppliers considered high impact (strategic) that represent 20-25% of annual procurement spend.

4. Segment III: Cepsa's main suppliers that, together with those in the previous segments, are considered critical; i.e., those that risk control management focuses on. Segment I, II and III suppliers represent over 85% of annual procurement spend and approximately 15% of the total number of suppliers.

5. Segment IV: Suppliers of goods and services with low impact that undergo operational, environmental, health and safety, compliance and cybersecurity risk assessments to identify those with a level of ESG risk that requires assessment and actions.

6. Segment V: Tail spend is outside the scope at requirement level and not subject to assessment or actions. Certain ad-hoc projects are carried out to reduce tail spend. However, monthly risk cards are made of all asset suppliers registered in the procurement platform.

Type of suppliers and purchase volume¹ in 2021

	Suppliers (n°)	Suppliers (%)	Purchase volume (€) (1)	Total purchase volume (%)
Segment I (2)	66	2 %	350,201,329	50 %
Segment II (3)	121	4 %	146,178,596	21 %
Segment III (4)	240	8 %	103,556,409	15 %
Segment IV (5)	999	35 %	88,251,709	13 %
Segment V (6)	1,430	50 %	11,425,006	2 %
Total	2,856		699,613,049	

1. Purchase volume is calculated before VAT.

2. Segment I: Cepsa's main suppliers considered high impact (strategic) that represent more than 50% of annual procurement spend.

3. Segment II: Cepsa's main suppliers considered high impact (strategic) that represent 20-25% of annual procurement spend.

4. Segment III: Cepsa's main suppliers that, together with those in the previous segments, are considered critical; i.e., those that risk control management focuses on. Segment I, II and III suppliers represent over 85% of annual procurement spend and approximately 15% of the total number of suppliers.

5. Segment IV: Suppliers of goods and services with low impact that undergo operational, environmental, health and safety, compliance and cybersecurity risk assessments to identify those with a level of ESG risk that requires assessment and actions.

6. Segment V: Tail spend is outside the scope at requirement level and not subject to assessment or actions. Certain ad-hoc projects are carried out to reduce tail spend. However, monthly risk cards are made of all asset suppliers registered in the procurement platform.

Breakdown of suppliers in 2022 by geographic location

Geographic location (1)	Suppliers (n°)	Suppliers (%)	Purchase volume (€) (2)	Total purchase volume (%)
Spain	1,515	46 %	918,575,879	78 %
Americas	1,139	35 %	95,905,437	8 %
Asia and Oceania	272	8 %	22,027,831	2 %
Africa	1	— %	11,555	— %
Europe	361	11 %	136,126,708	12 %
Total	3,288		1,172,647,410	

1. America: Brazil, Canada, Chile, Colombia, the United States, Mexico, Peru and Puerto Rico. Asia and Oceania: China, Hong Kong, India, Malaysia, New Zealand, Singapore and UAE. Africa: South Africa. Europe: EU countries and Turkey.

2. Purchase volume is calculated before VAT.

Breakdown of suppliers in 2021 by geographic location

Geographic location (1)	Suppliers (n°)	Suppliers (%)	Purchase volume (€) (2)	Total purchase volume (%)
Spain	1,327	46 %	552,781,038	79 %
Americas	1,043	37 %	76,629,255	11 %
Asia and Oceania	197	7 %	13,457,688	2 %
Africa	1	— %	32,676	— %
Europe	288	10 %	56,712,392	8 %
Total	2,856		699,613,049	

1. America: Brazil, Canada, Chile, Colombia, the United States, Mexico, Peru and Puerto Rico. Asia and Oceania: China, Hong Kong, India, Malaysia, New Zealand, Singapore and UAE. Africa: South Africa. Europe: EU countries and Turkey.

2. Purchase volume is calculated before VAT.

[GRI 204 -1] Proportion of spending on local suppliers**Spending on local suppliers¹ in 2022**

Significant locations	Total spent on purchases from national suppliers (€)	Total spent on purchases from suppliers (national + international) (€)	Percentage of national purchases	Total spent on local purchases (€) (1)	Local purchases (%)
Spain	915,985,794	918,575,879	99.7 %	347,915,048	37.9 %
Colombia	49,044,992	49,044,992	100 %	22,290,134	45.4 %
Brazil	19,300,869	19,300,869	100 %	13,051,734	67.6 %
Rest of Europe	—	118,200,042	— %	—	— %
Chinese	18,856,100	18,856,100	100 %	10,554,050	56.0 %
Portugal	7,558,282	17,926,666	42.2 %	3,171,762	17.7 %
Peru	6,047,697	6,047,697	100 %	873,614	14.4 %
Canada	7,361,315	7,426,165	99.1 %	6,732,494	90.7 %
Others	—	17,269,000	— %	1,896,952	11.0 %
Total	1,024,155,049	1,172,647,410	87.3 %	406,485,789	34.7 %

1. Local suppliers: supplier based in the same geographic market as the facilities or plant of the contracting Cepsa company.

Spending on local suppliers¹ in 2021

Significant locations	Total spent on purchases from national suppliers (€)	Total spent on purchases from suppliers (national + international) (€)	Percentage of national purchases	Total spent on local purchases (€) (1)	Local purchases (%)
Spain	552,491,415	552,781,038	99.9 %	219,637,908	39.7 %
Colombia	28,436,924	29,984,605	94.8 %	12,701,805	42.4 %
Brazil	13,764,589	13,764,589	100 %	10,051,101	73.0 %
Rest of Europe	—	47,467,427	— %	—	— %
SEA (Southeast Asia)	837,832	870,540	96.2 %	268,273	30.8 %
Chinese	11,079,932	11,080,596	100 %	10,377,579	93.7 %
Portugal	7,660,204	9,244,965	82.9 %	3,592,927	38.9 %
Peru	10,211,419	11,170,509	91.4 %	1,975,567	17.7 %
Canada	6,572,621	7,050,166	93.2 %	5,612,272	79.6 %
Others	—	16,198,614	— %	—	— %
Total	631,054,936	699,613,049	90.2 %	264,217,432	37.8 %

1. Local suppliers: supplier based in the same geographic market as the facilities or plant of the contracting Cepsa company.

3.8.2 Supplier relations

[GRI 414-2] Negative social impacts in the supply chain and actions taken

We consider the following to be material adverse impacts:

- Environmental: suppliers with high environmental risk due to their activity that receive a negative performance assessment based on environmental KPIs.
- Compliance and good governance: suppliers that after an assessment of the counterparty pose higher-than-average risk and those for which defaults have been detected.
- Social: suppliers with a certain high risk (country, ESG or human rights), with unfavourable performance assessment of ethics and compliance KPIs and those with high HSE risk due to their activity or negative assessments in health and safety KPIs.

We did not identify any supplier with a material adverse impact in 2022.

[GRI 414-1] New suppliers that were screened using ESG criteria

New suppliers screened using ESG criteria in 2022 and 2021

	2022	2021
Suppliers that began a business relationship with Cepsa for the first time (no.)	345	258
Suppliers that began a business relationship with Cepsa for the first time and were validated based on ESG criteria (no.) (1)	214	200
New suppliers that were screened using ESG criteria (%)	62 %	78 %

1. Includes segment V which, given its low amount, is not covered by procurement procedures. Of the total 214 suppliers, 132 are from the procurement area. Those that are not are not required to undergo the complete process.

[GRI 414-2] Negative ESG impacts in the supply chain and actions taken

Detection of negative ESG impacts in the supply chain and corrective actions taken in 2022 and 2021

	2022	2021
Suppliers assessed for ESG impacts (no.)	666	881
Suppliers identified as having significant (actual and potential) negative ESG impacts (no.)	0	0
Suppliers identified as having significant (actual and potential) negative ESG impacts with which improvements were agreed upon as a result of assessment (%)	— %	— %
Suppliers identified as having significant (actual and potential) ESG impacts with which relationships were terminated as a result of assessment, and why (%)	— %	— %

Identification of critical suppliers in 2022

	Suppliers (no.)	Amount spent on purchases (%)
Total Tier 1 suppliers	3,288	100 %
Critical Tier 1 suppliers (1)	820	91 %
Critical non-Tier 1 suppliers (2)	769	— %

1. Critical suppliers are defined as segment I, II and III suppliers and certain segment IV suppliers that are high-risk or contingency or conditional suppliers (i.e., for which there are no alternative suppliers).

2. Critical Tier 2 suppliers are subcontractors that perform services within our facilities. Since they are subcontracted, they are not included in the amount spent on purchases.

ESG risks in the supply chain (2022-2020)

Number of suppliers assessed for ESG risks in the last three years

	Number of suppliers assessed	Share of total (%)	Number of suppliers identified with high ESG risk	Share of total (%)
Tier 1 suppliers	3,157	96 %	0	— %
Critical non-Tier 1 suppliers	769	100 %	0	— %

Percentage of suppliers with comprehensive¹ ESG assessment (2022-2020)

	Suppliers assessed annually (%)	Suppliers assessed at least every three years (%) (3)
Critical (Tier 1 and non-Tier 1) suppliers (2)	6 %	13 %

1. Assessment that includes at least one onsite visit. A total of 160 suppliers were audited in 2022, of which 91 were critical suppliers.

2. No suppliers were identified as having high ESG risk.

3. Excludes those assessed annually.

Sustainable supply chain metrics (2022-2022) and objective for 2022

Metric	Objective	Year of objective	Results		
			2022	2021	2020
Suppliers with ESG score (%) (1)	80 %	2025	62 %	40 %	N/A
Closing of non-conformities (NC) arising from audits that include ESG criteria (%)	85 %	2023	82 %	83 %	77 %
Performance evaluation of critical suppliers considering ESG criteria (%)	99 %	2023	99 %	100 %	99 %

1. The new approach for ESG was established in 2021. In 2020, a different approach was used to score performance that is not comparable.

3.9 BEHAVING ETHICALLY AND RESPECTFULLY

3.9.1 Requests for advice and breaches

[GRI 2-26] Mechanisms for seeking advice and raising concerns

Requests for advice on ethics and conduct received in 2022 and 2021 by type

Type	2022	2021
Occupational health and safety	1	2
Commitment to human rights	1	2
Harassment and discrimination	0	1
Employment relationship issues	1	2
Inappropriate behaviour	1	1
Anti-money laundering and counter terrorist financing measures	0	0
Conflicts of interest	3	4
Control, governance and compliance in our operations	0	2
Anti-trust	1	1
Inside information and market manipulation	0	0
International trade	0	0
Environmental protection	0	0
Relationships with partners, suppliers, customers and other stakeholders	160	113
Relationships with governments and public authorities	0	0
Gifts, hospitality, events and anti-corruption effort	0	1
Use and protection of our assets and properties	1	0
Processing of confidential information and personal data	5	2
Intellectual and industrial property and trade secrets	0	0
Media and information transparency	1	0
Other concerns	2	3
Total	177	134

Requests for advice on ethics and conduct answered in 2022 and 2021

	2022	2021
Requests answered during the year (no.)	177	134
Requests answered during the year (%)	100 %	100 %

Code of Ethics and Conduct breach complaints received in 2022 and 2021 by type

Type of complaint	2022	2021
Occupational health and safety	29	51
Commitment to human rights	0	1
Harassment and discrimination	8	12
Employment relationship issues	18	10
Inappropriate behaviour	16	10
Anti-money laundering and counter terrorist financing measures	0	0
Conflicts of interest	1	1
Control, governance and compliance in our operations	0	1
Anti-trust	0	0
Inside information and market manipulation	0	0
International trade	0	0
Environmental protection	0	1
Relationships with partners, suppliers, customers and other stakeholders	11	11
Relationships with governments and public authorities	0	0
Gifts, hospitality, events and anti-corruption effort	0	2
Use and protection of our assets and properties	18	11
Processing of confidential information and personal data	1	1
Intellectual and industrial property and trade secrets	0	0
Media and information transparency	0	0
Other concerns	0	1
Total	102	113

Code of Ethics and Conduct breach complaints addressed in 2022 and 2021

	2022	2021
Complaints addressed during the year (no.)	102	113
Complaints addressed during the year (%)	100 %	100 %

Disciplinary and corrective actions taken as a result of Code of Ethics and Conduct breaches in 2022 and 2021

		2022	2021
Activation of disciplinary measures	Dismissal	24	14
	Suspension of employment and pay	18	25
	Written warning	22	28
Activation of corrective measures	Communication action	2	9
	Training action	0	3
	Control measure	0	5
	Job transfer	1	1
Unsubstantiated (1)		21	20
Other (2)		3	1

1. Corrective measures were taken for some unsubstantiated complaints to avoid any breach of the Code of Ethics and Conduct.

2. Others includes measures such as verbal warnings or disqualification from promotion.

3.9.2 Employee training

Training on ethics and conduct in 2022

Training topic	Group trained	Participants (n ^o)	Objective of the training	Description of the training
Criminal risk prevention	Managers, department heads and staff covered by collective bargaining agreement	284	Raise awareness about job-related criminal risk	Online training and final exam on the training provided
Supplier Code of Ethics and Conduct	Group suppliers	154	Present the Cepsa Supplier Code of Ethics and Conduct	Online training on the Cepsa Supplier Code of Ethics and Conduct
Code of Ethics and Conduct	Cepsa Group	1727	Present the Cepsa Code of Ethics and Conduct	Online training and final exam on the training provided
Manager and department head onboarding	Cepsa managers and department heads	150	Present the Cepsa Group Code of Ethics and Conduct and the main compliance programmes	Ethics and compliance onboarding for new managers and department heads
International sanctions and trade controls	Managers, department heads and staff covered by collective bargaining agreement	876	Raise awareness about trade control regulations and sanctions in international trade	Classroom training, available online for those who could not attend
Data protection and usage	Managers, department heads and staff covered by collective bargaining agreement	600	Raise awareness and discuss risks of data loss, including regulatory risks, and steps to take to protect data	Classroom training, available online for those who could not attend

3.9.3 Anti-corruption effort

[GRI 205-1] Operations assessed for risks related to corruption

	2022	2021
Internal audit projects with an anti-corruption/anti-fraud component (no.)	10	10
Crime prevention model (CPM) controls in place to mitigate corruption risk (no.)	226	189
ICFR system controls in place to mitigate fraud risk (no.)	556	457
Audit projects on non-operated assets (no.)	11	6
Significant investment agreements and contracts assessed for anti-corruption (Know Your Third Party/ KYTP) (no.)	13	17

[GRI 205-2] Communication and training about anti-corruption policies and procedures

Employees that anti-corruption policies and procedures were communicated to in 2022, broken down by employee category and region

Category	Spain		Rest of Europe		Africa		Americas		Asia		Total	
			Belgium, Italy, the Netherlands, Portugal and the United Kingdom		Algeria, Morocco		Brazil, Canada, Colombia, the United States, Mexico and Peru		China, United Arab Emirates, Malaysia, Singapore and Thailand			
	Total number	Percentage	Total number	Percentage	Total number	Percentage	Total number	Percentage	Total number	Percentage	Number	Percentage
Management Committee	12	100 %	0	— %	0	— %	0	— %	0	— %	12	100 %
Managers	123	99 %	0	— %	0	— %	1	100 %	3	100 %	127	99 %
Department heads	625	100 %	18	100 %	25	69 %	40	100 %	30	100 %	738	98 %
Senior-level technical staff	1,869	100 %	60	100 %	20	61 %	126	96 %	41	98 %	2,116	99 %
Mid-level technical staff	1,084	99 %	79	100 %	16	100 %	54	96 %	20	100 %	1,253	99 %
Specialists	2,456	48 %	47	10 %	6	100 %	149	90 %	60	100 %	2,718	46 %
Clerical staff	33	87 %	4	100 %	3	100 %	10	100 %	19	100 %	69	93 %
Assistants	40	82 %	0	— %	1	100 %	19	100 %	1	100 %	61	73 %
Total	6,242	69 %	208	33 %	71	75 %	399	95 %	174	99 %	7,094	69 %

Employees that anti-corruption policies and procedures were communicated to in 2021, broken down by employee category and region

Category	Spain		Rest of Europe		Africa		Americas		Asia		Total	
			Belgium, Italy, the Netherlands, Portugal and the United Kingdom		Algeria, Morocco		Brazil, Canada, Colombia, the United States, Mexico and Peru		China, United Arab Emirates, Malaysia, Singapore and Thailand			
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Management Committee	0	— %	0	— %	0	— %	0	— %	0	— %	0	— %
Managers	109	100 %	0	— %	0	— %	2	100 %	0	— %	111	100 %
Department heads	566	100 %	14	78 %	0	— %	36	86 %	0	— %	616	89 %
Senior-level technical staff	1,722	100 %	46	81 %	0	— %	121	95 %	0	— %	1,889	97 %
Mid-level technical staff	1,023	100 %	68	88 %	0	— %	58	83 %	0	— %	1,149	94 %
Specialists	2,416	48 %	38	8 %	0	— %	119	74 %	0	— %	2,573	45 %
Clerical staff	54	95 %	5	56 %	0	— %	6	55 %	0	— %	65	70 %
Assistants	25	81 %	1	10 %	0	— %	16	94 %	0	— %	42	53 %
Total	5,915	70 %	172	27 %	0	— %	358	83 %	0	— %	6,445	66 %

Employees that received training on anti-corruption policies and procedures in 2022, broken down by employee category and region

Category	Spain		Rest of Europe		Africa		Americas		Asia		Total	
			Italy, the Netherlands, Portugal and the UK		Algeria		Brazil, Canada, Colombia, Peru		United Arab Emirates and Singapore			
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Management Committee	0	— %	0	— %	0	— %	0	— %	0	— %	0	— %
Managers	48	39 %	0	— %	0	— %	0	— %	1	1 %	49	38 %
Department heads	171	27 %	0	— %	11	5 %	2	5 %	5	7 %	189	25 %
Senior-level technical staff	264	14 %	2	3 %	7	12 %	16	12 %	1	1 %	290	14 %
Mid-level technical staff	196	18 %	5	6 %	5	4 %	2	4 %	0	— %	208	16 %
Specialists	1,109	21 %	2	— %	2	1 %	2	1 %	2	3 %	1,117	19 %
Clerical staff	3	8 %	1	25 %	1	10 %	1	10 %	0	— %	6	8 %
Assistants	18	37 %	0	— %	1	— %	0	— %	1	1 %	20	24 %
Total	1,809	20 %	10	2 %	27	5 %	23	5 %	10	14 %	1,879	18 %

Employees that received training on anti-corruption policies and procedures in 2021, broken down by employee category and region

Category	Rest of Europe				Africa		Americas		Asia		Total	
	Spain		Italy, the Netherlands, Portugal and the UK		Algeria		Brazil, Canada, Colombia, Peru		United Arab Emirates and Singapore			
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Management Committee	0	— %	0	— %	0	— %	0	— %	0	— %	0	— %
Managers	0	— %	0	— %	0	— %	0	— %	0	— %	0	— %
Department heads	142	25 %	10	56 %	1	3 %	0	— %	0	— %	153	22 %
Senior-level technical staff	185	11 %	7	12 %	0	— %	0	— %	0	— %	192	10 %
Mid-level technical staff	87	9 %	37	48 %	0	— %	0	— %	0	— %	124	10 %
Specialists	16	— %	2	— %	0	— %	0	— %	0	— %	18	— %
Clerical staff	1	2 %	0	— %	0	— %	0	— %	0	— %	1	1 %
Assistants	0	— %	0	— %	0	— %	0	— %	0	— %	0	— %
Total	431	5 %	56	9 %	1	1 %	0	— %	0	— %	488	5 %

3.9.4 Human rights in security personnel

[GRI 410-1] Security personnel trained in human rights policies or procedures

All security personnel in Brazil, Colombia and Peru, three countries identified as at significant risk of human rights violations, received training on upholding human rights.

Security personnel and workers who are not employees trained in human rights policies and procedures in 2022 and 2021¹

Security personnel	Total		Employees		Workers who are not employees	
	2022	2021	2022	2021	2022	2021
Security personnel (no.)	89	553	7	7	82	546
Security personnel who have training in the organization's human rights policies or specific procedures and their application to security (no.)	85	64	3	3	82	61
Security personnel who have training in the organization's human rights policies or specific procedures and their application to security (%)	96 %	12 %	43 %	43 %	100 %	11 %

1. Data reported are on operated assets in countries where human rights protection is at risk: Brazil, Algeria, Peru, Colombia and Mexico.

3.10 LOCAL COMMUNITY RELATIONS

[GRI 3-3] Management of material topics - local communities

Engagement with stakeholders in the Exploration & Production business:

Local authorities	Regular meetings to keep stakeholders abreast of the company's activities, addressing technical information on projects, economic impact on local communities, community investment, job creation and training. In 2022, we again took part in the panel discussion on action and development of indigenous people (Puerto Gaitán - Colombia) to following up on the agreements reached regarding community investment, job creation and the supply of goods and services. Meanwhile, in Macuya (Peru), we stepped up our participation in the round table made up of representatives of the national, regional and local government, Cepsa and civil society with the aim of monitoring execution of Summer Plan I (upgrades to 12 km of local roads) and addressing the execution of Summer Plan II (a further 18 km of roads).
Local communities	We maintain ongoing contact with local communities. The main actions involving relations with local communications include briefing meetings to discuss the company's activities, meetings to determine and present progress on community investment initiatives and presentations to disclose the opportunities opened up for local labour and businesses.
Contractors	Meetings to discuss the social context and local hiring and procurement requirements. Promotion of upskilling actions to enhance the competitiveness of local contractors.
Local business owners	In 2022, an upskilling project was carried out in the areas of administrative, health and safety and the environment for Colombian business owners near our operations.

[GRI 413-2] Operations with significant actual and potential negative impacts on local communities

In the Exploration & Production business, no local communities are close enough for us to cause any measurable direct impacts. Potential negative impacts arising from our operations are the generation of particulate matter on roads, potential pollution from spills, emissions, the use of natural resources, water discharges and noise.

We control the potential adverse impacts derived from our operations by implementing planned, scheduled and monitored prevention and mitigation actions. Indeed, our operations are conducive to generating positive impacts, such as local skilled and unskilled jobs, training, purchases of goods and services, improvements in inter-city routes and growth in the region's resources and wealth.

Potential negative impacts of our industrial facilities in Spain include emissions to air, soil quality and use, waste generation, spills, smells and noise.

[GRI 2-25] Processes to remediate negative impacts

All our Exploration & Production operations have an Environmental and Social Impact Assessment (ESIA) approved by the authorities including the required Environmental and Social Management Plan (ESMP), which describes all the preventive, corrective and compensatory measures companies undertake to implement before, during and after the end of operations to mitigate potential negative impacts on both the environment and local communities.

Measures featured watering roads to mitigate dust, having strong enough contingency teams in the field to control spills and entering into contracts with third parties to deal with a potentially major operational emergency in a timely manner time and efficiently, as well as performing regular emergency drills to be prepared. We have the appropriate engineering equipment and measures to control emissions and minimise the impact. We also control air quality with legally required monitoring and have yet to receive any complaints. We have all the pertinent water withdrawal permits in force and endeavour always to minimise withdrawal by designing water withdrawal-reduction, reuse and recovery programmes. There are no discharges from any our operations to bodies of water. Lastly, our operations are located far from population centres, so no resettlements have been necessary.

All these commitments are set out in the operating permit, which is the quintessential binding document.

For grievances in the Exploration & Production business, there is the Procedure for handling queries, requests and complaints (QRCs). QRCs are generally received via email, letters, communications, in writing, QRC forms, the website, briefing meetings with stakeholders, monitoring committees and any other means of communication provided to the community. Once a query, receipt or complaint is received, the Social Responsibility team first classifies and assess it, then systematizes it, assigns it a

priority classification, forwards it to the pertinent area and tracks it during processing until a solution is reached. Incidences of related impacts on activities are also analysed to identify the root cause, determine lessons learned and take corrective action to ensure it does not recur.

Some of our remediation commitments at our industrial facilities in Spain, such as Madrevieja or La Laguna, are subject to constant monitoring, safety improvements, innovation projects, water reduction and reuse and biodiversity actions,

We have a Society Relations Manual for identifying and handling grievances and complaints that sets down the guidelines for managing these incidences. Some channels used are phone calls, network monitoring, relations with the media and mail.

[GRI 203-1] Infrastructure investments and services supported

Contributions to community work at the operational level in 2022 and 2021 by type

	2022	2021
	Investment/contribution (€)	Investment/contribution (€)
Project execution and development expenditure (1)	235,480	574,317

1. In 2022 and 2021, the entire amount of investment in community work at the operational level went to project execution and development expenditure.

Contributions to community work at the operational level in 2022 and 2021 by area

	2022		2021	
	Investment/contribution (€)	Percentage	Investment/contribution (€)	Percentage
Social support	185,061	79 %	552,821	96 %
Scientific-educational	50,419	21 %	21,505	4 %
Total (1)(2)	235,480		574,326	

1. We did not make any contributions to community work at operational level in 2022 and 2021 related to the environment or processing expenditure.

2. Framed under social support actions in Peru and scientific-educational support actions in Colombia

Contributions to community work at the operational level in 2022 and 2021 by country

	2022		2021	
	Investment/contribution (€)	Percentage	Investment/contribution (€)	Percentage
Colombia	50,419	21 %	21,505	4 %
Peru	185,061	79 %	552,811	96 %
Total	235,480		574,316	

[GRI 203-1] Infrastructure investments and services supported and [GRI 203-2] Significant indirect economic impacts

Initiatives in community work at the operational level of the Exploration & Production business

Name of initiative	Country	Description of initiative and associated impact
Socio-environmental workshops and skill building in compliance with the Llanos 22 Environmental Management Plan (EMP)	Colombia	Institutional and community support as part of compliance with the Llanos 22 block permit. Workshops and skill building on growing aromatic plants to strengthen the social fabric of the town of Vereda la Sevilla.
Socio-environmental workshops and skill building in compliance with the Caracara EMP	Colombia	Socio-environmental workshops with communities in line with the commitments of the EMP.
Socio-environmental workshops and skill building in compliance with the oil pipeline EMP	Colombia	Support of local entrepreneurs to hone their skills in areas such as: occupational health and safety, administrative and commercial processes, planning and strategic thinking.
Socio-environmental workshops and skill building on the good and effective use of water resources	Colombia	Socio-environmental workshops with communities to comply with the commitments of the EMP on good water resource use
Health campaign	Peru	In conjunction with our health officers, we helped the healthcare professionals in the towns within our area of influence by donating medicine, furniture, medical equipment, computers and office equipment.
School campaign	Peru	Donation of audiovisual equipment (TVs and multimedia projectors) for primary and secondary school classrooms at Institución Educativa Jaime Tseng in Macuya.
Macuya road upgrade - Summer Plan I	Peru	Through an inter-institutional agreement between Cepsa and the Puerto Inca municipal government, we upgraded 12.2 km of local roads in Macuya as part of an agreement between Puerto Inca and the Peruvian Army. The Peruvian Army executes the work and Cepsa provides the fuel. Months: January, February, May, June and July 2022.
Macuya road upgrade - Summer Plan II (first step)	Peru	In an agreement with the Puerto Inca municipal government, we donated money and fuel to pave 13.9 km of roads in Macuya. Carried out by the Peruvian Army.
Groundwater geological research	Peru	<p>We performed groundwater geological studies for drilling five wells in sectors of the Macuya population centre: Paraíos Verde, Las Lomas, Macuya Centro, Pueblo Nuevo and Tres de Mayo. Objectives:</p> <ul style="list-style-type: none"> • Record both natural and artificial underground water sources. • Determine the foundation's morphology and identify the various horizons comprising the subsoil and their geoelectric conditions. • Determine the layer's behaviour. • Locate the area with favourable hydrogeological conditions.

Grievances from local communities

Grievances from local communities in Exploration & Production in 2022 and 2021

	2022	2021
Grievances (no.)	24	3
Grievances addressed and resolved (no.)	23	3
Grievances addressed and resolved (%)	96 %	100 %
Grievances resolved through remediation (no.)	4	0
Grievances resolved through remediation (%)	17 %	— %

Grievances from local communities in industrial facilities in Spain in 2022 and 2021

	2022	2021
Grievances (no.)	0	0
Grievances addressed and resolved (no.)	0	0
Grievances addressed and resolved (%)	— %	— %
Grievances resolved through remediation (no.)	0	0
Grievances resolved through remediation (%)	— %	— %

Community engagement

Consultations with local communities in Exploration & Production assets in 2022 and 2021

	2022	2021
Assets in local communities (no.)	3	3
Assets in which there was consultation with the local community (no.)	3	3
Assets in which there was consultation with the local community (%)	100 %	100 %
Projects in progress (no.)	8	8
Projects in progress in which there was consultation with the community (no.)	8	8
Projects in progress in which there was consultation with the community (%)	100 %	100 %

3.11 Positive impact on society - Cepsa Foundation

Cepsa Foundation management priorities

Priority	SDG	Company benefit KPIs	Social/environmental benefit KPIs
Inclusion of underprivileged groups to drive the development of communities where Cepsa has operations	10. Reduced inequalities	Stakeholder perception of the company	Number of partnerships spearheaded to promote public interest projects
Conservation and improvement of natural spaces near Cepsa's facilities and environmental awareness-raising and training	13. Climate action	Number of alliances with environmental organizations	Number of scientific research projects on the recovery of natural spaces and species of community interest
Promotion of scientific and university research on energy and technology to enhance training of young people in jobs related to Cepsa's business	8. Decent work and economic growth	Related studies and research conducted	Number of participations in training actions backed by the Cepsa Foundation

[GRI 203-1] Infrastructure investments and services supported

Contributions by the Foundation to community work by type in 2022 and 2021

	2022		2021	
	Investment/contribution (€)	Percentage	Investment/contribution (€)	Percentage
Financial aid	2,851,738	67 %	2,665,011	68 %
Project execution and development expenditure	982,366	23 %	910,284	23 %
Processing expenditure	391,503	9 %	331,783	8 %
Total	4,225,607		3,907,078	

Contributions by the Foundation to community work in 2022 and 2021 by reason

	2022		2021	
	Investment/contribution (€)	Percentage	Investment/contribution (€)	Percentage
One-off contribution	2,035,023	48 %	2,093,075	54 %
Community investment	2,190,584	52 %	1,814,003	46 %
Initiative aligned with the business	—	— %	—	— %
Total	4,225,607		3,907,078	

Contributions by the Foundation to community work in 2022 and 2021 by area

	2022		2021	
	Investment/contribution (€)	Percentage	Investment/contribution (€)	Percentage
Social support	1,808,750	43 %	2,137,873	55 %
Environmental	1,182,178	28 %	671,578	17 %
Scientific-educational	843,176	20 %	765,845	20 %
Processing expenditure	391,503	9 %	331,782	8 %
Total	4,225,607		3,907,078	

Contributions by the Foundation to community work in 2022 and 2021 by country

	2022		2021	
	Investment/contribution (€)	Percentage	Investment/contribution (€)	Percentage
Brazil	—	— %	57,515	1 %
Canada	—	— %	3,900	— %
Colombia	568,712	13 %	728,745	19 %
Spain	3,374,120	80 %	2,868,882	73 %
Peru	176,559	4 %	121,171	3 %
Portugal	86,216	2 %	100,065	3 %
Algeria	20,000	— %	26,800	1 %
Total	4,225,607		3,907,078	

[GRI 203-1] Infrastructure investments and services supported and [GRI 203-2] Significant indirect economic impacts

Social support initiatives

Name of initiative	Country	Description of initiative and associated impact
Cepsa Foundation with Ukraine	Ukraine	Cepsa Foundation supports victims of the war in Ukraine through cooperation with two social enterprises in Ukraine and neighbouring countries: Educo (providing aid to families with young children and teenagers who are refugees in shelters) and UNHCR Spain (providing aid to vulnerable people still in Ukraine and meeting the most urgent needs of those who fled to neighbouring countries). Thanks to promotion by Cepsa Foundation, Cepsa employees donated over €10,000 to Ukrainian refugees through UNHCR Spain, Educo and CESAL.
Energy efficiency volunteering	Spain	Remote volunteering to provide a series of recommendations and an estimation of the resulting savings. The participating families also receive personalised energy efficiency kits.
Water wells	Peru	We spearheaded groundwater geological research in five Macuya villages to come up with alternatives or solutions to water withdrawal for human consumption and, where this is the right solution, build wells to improve access and water quality for 1,000 families in the area.

Environmental initiatives

Name of initiative	Country	Description of initiative and associated impact
Sustainability conference	Spain	We hosted the 'Biodiversity, key to sustainability in Andalusia' technical conference in La Línea de la Concepción (Cádiz). Cepsa, the Cepsa Foundation, the Andalusian Regional Government and the International Union for Conservation of Nature all took part. The aim was to share environmental conditions and projects entailing research, maintenance and public use of protected natural enclaves carried out in the Huelva province so that they could possibly be replicated in areas, such as Arroyo Negro (Cádiz).
Plant-for-the-Planet	Spain	In 2022, we reinforced the reforestation projects undertaken in previous years with the assistance of a number of initiatives, including Plant-for-the-Planet, which we helped with its reforestation efforts in the area affected by the Las Peñuelas forest fire in 2017 in Doñana Natural Park and its environs.

Scientific-educational initiatives

Name of initiative	Country	Description of initiative and associated impact
Second edition of the ProFormación vocational training scholarship programme	Spain	In the wake of the warm reception of the first edition of the ProFormación scholarships in 2021 for vocational training students in Cadiz, Huelva, Madrid and the Canary Islands, in 2022, we launched a second edition, raising the number of scholarships from 60 to 76 with a €190,000 budget and adding Las Palmas (Canary Islands). The number of applications increased by 16%.
Training in digital transformation skills – CDX	Spain	We promoted Cepsa Digital eXperience's Digital Trekking programme on the digital transformation aimed at professionals, freelancers and students offering two paths on new technologies and working methods related to digitalisation. We held the programme's second edition in Huelva in 2022 after its kick-off in 2021 in Campo de Gibraltar.
Chicas con energía	Spain	In conjunction with Inspiring Girls, we undertook efforts to show different STEM-related career opportunities for girls. Daughters of Cepsa employee's aged 10 to 17 were given the opportunity to talk to leading women in STEM fields in 10-minute group talks.
Let's Connect I+D	Spain	Series of conferences at which leaders in innovation explained to the academic community the criteria they use when deciding whether or not to support an RD&I project and researchers shared the challenges they face in transferring their scientific knowledge to the business world.

On a more cross-cutting level, a highlight was the rollout of the Just Transition Observatory. We conducted our first study of perception among citizens in Andalusia (Spain) and local stakeholders about green or energy transition processes. In a bid to drive this transition, we aim to prevent potential conflicts and provide recommendations for articulating the development plans of the various agents involved in this green transition. We are currently working on a nationwide study.

[\[Additional information on all the initiatives of the Cepsa Foundation\]](#)

3.12 Our customers

Grievance management

Our customer care service caters to all customer demands, identifying their needs and recording them in our management systems.

Complaints are managed following our specific customer care and experience procedure.

Our customers can also submit their complaints through a number of other customer service channels (e.g. email, the website, our social media handles, our chat tool, telephone). Our claims management system monitors response and resolution times.

[GRI 2-29] Requests and grievances received

Requests and grievances received and answered in 2022 and 2021

	Received during the year		Answered during the year	
	2022	2021	2022	2021
Requests received	581,016	536,915	576,201	533,444
Grievances unsubstantiated	221	249	221	249
Grievances substantiated	374	643	374	643

1. The above information corresponds to the New Commerce & Mobility and Commercial & Clean Energies businesses.

Grievances filed in 2022 and 2021

	2022	2021
Grievances filed	1	1

APPENDIX 4. DETAILED INFORMATION ABOUT THE COMPANY'S KEY RISKS

The company classifies the universe of risks to which it is exposed into four major categories: strategic risks, financial risks, operational risks and compliance risks. The following risks, both separately and combined with other risks, could have a material adverse impact on the delivery of our strategy, our business and our operating results.

Strategic risks

Strategic risks are related with the general business environment and include political, economic, socio-cultural and technological factors, as well as those related with the company's positioning and strategic planning.

Risks	Description and control measures
Geopolitical and economic risk	As a global firm, we are exposed to geopolitical tensions arising in our operating markets and the resulting changes to the social, economic and operating environment. This could result in, for example, regulatory changes, higher taxes, international trade wars, production caps or restrictions on operations. We manage this risk by constantly monitoring the situation in the countries where we operate and reviewing certain potential sources of risk, including security, political uncertainty, the efficiency and effectiveness of governments and the legal, tax and regulatory landscape. The most important development of 2022 was the Russia-Ukraine crisis, which triggered trade restrictions, international sanctions, commodity price inflation and global macroeconomic turbulence. We set up specific taskforces to assess, control and mitigate the effects of this event.
Market demand and competition risk	We offer our products and services in highly competitive markets, where differentiation poses a considerable challenge. Changes in market conditions and the arrival of new market entrants could have an impact on our margins and market share. The mere need to speed up the transition process means we must diversify and face rapidly evolving competitors who are entering markets for sustainable products. Demand for energy is shifting in line with changes in the economic landscape, regulatory pressure, efficiency-driven technological developments and changes in consumer preferences, and this could affect our business volumes. Levers to address these risks include our quest for customer service excellence, ongoing monitoring of market trends and continuous improvement as one of our core values.
Energy transition and sustainability: technology, regulation and climate change risk	We have aligned our strategy and operations to regulatory requirements and stakeholder expectations regarding climate change and the energy transition. Abrupt market changes, stricter regulations, technological challenges and developments or changes in the pace of transition could have adverse impacts on certain elements of our strategic approach. We are able to remain at the forefront of the transition by adapting to technological developments, closely monitoring and tracking recent and emerging trends and regulations in Spain, as well as elsewhere in Europe or the rest of the world, regarding sustainability, fuel quality and the promotion of renewable energies. In 2022, we updated our identification of risks and opportunities derived from climate change in accordance with the TCFD (Task Force on Climate-Related Financial Disclosures) taxonomy. In the fourth quarter, we identified and assessed risks and opportunities taking into consideration three different climate-related scenarios and we calculated the financial impact over three different time horizons, to 2030, 2040 and 2050, in order to evaluate the resilience of our strategy to climate change.

Financial Risks

Financial risks are derived from fluctuations in commodity prices and other financial variables, such as interest or foreign exchange rates, as well as risks related with financial and tax management.

Risks	Description and control measures
Commodity price risk	We are a diversified company with operations along the energy value chain. As such, we are exposed to fluctuations in commodity prices, such as oil, gas, CO ₂ , electricity and the prices of commodity by-products. Despite our diversification, commodity market fluctuations, potential interventions or supply disruptions can lead to unexpected deviations in the assumptions used in our planning. Note that potential corrections in certain commodity prices can actually have a positive impact. Commodity markets, especially the oil and gas markets, tightened in 2022 as Russian imports fell because of the Russia-Ukraine conflict, triggering considerable price volatility and distorting trade volumes. Price fluctuations, volatilities and liquidity in these markets are tracked constantly and managed using hedging strategies. Initiatives are also drawn up to streamline production processes and boost efficiency, thereby reducing energy dependence. This enables us to maximise margins during bouts of extreme volatility in energy markets.
Foreign currency risk	Our operations are generally sensitive to changes in the euro's exchange rate against the US dollar, as most crude and oil and petrochemical products are quoted in US dollars. Therefore, foreign exchange rate volatility poses a source of uncertainty that requires monitoring due to its potential implications for costs and revenues. We manage the currency risk in purchase and sale transactions centrally and by entering into currency hedges to hedge the overall net position of US dollar cash flows of the various group companies. We also hedge the currency risk of our investments in foreign operations by holding borrowings in the foreign currency in which the cash flows of each subsidiary are denominated.
Interest rate risk	We are exposed to changes in interest rates due to the potential impact on interest income and expenses on floating rate loans and borrowings and on the return on investments due to the impact on discounted cash flows. We keep a certain percentage of our financing at fixed rates or enter into interest rate hedges where considered appropriate to manage and mitigate this risk.

Financial Risks

Financial risks are derived from fluctuations in commodity prices and other financial variables, such as interest or foreign exchange rates, as well as risks related with financial and tax management.

Risks	Description and control measures
Liquidity risk	Liquidity risk refers to the company's ability to meet all its payment obligations, whether operational/recurring or projected/related with projects or investments, and any payments arising from debt maturities, as well as to cope with any situations of financial market stress or stress in the company's own business areas or geographical markets. We pursue a conservative financing policy to mitigate liquidity risk, holding considerable amounts of available cash and cash equivalents and undrawn credit facilities to meet future payment obligations over a period of a least 24 months in a cash neutral scenario. We only use highly-rated and renowned Spanish and international banks as counterparties and assess the counterparty risk of all the institutions with which we do business, especially when arranging investments and financial instruments.
Credit risk	We are exposed to credit risk arising from the risk that a counterparty (e.g. supplier, customer, partner, financial institution) will not meet its business or financial obligations. The current economic environment of widespread energy price inflation is squeezing margins and eroding customer solvency, increasing the probability of default. To manage credit risk, we have a sound credit-assessment process based on comprehensive and automated processing of internal and external business and financial data. With that data, we use scoring models and assessments by risk analysts to classify counterparties based on their credit risk, setting limits for each and reviewing these limits regularly. We also take out credit insurance policies to cover most of our commercial counterparty risk. Regarding credit risk from financial investments, derivatives and liquid assets, the vast majority of our counterparties are financial institutions and insurance companies with high credit ratings. Nevertheless, we also assess each counterparty's creditworthiness and assign it a credit limit.
Tax strategy and management risk	There is a specific tax regime for the energy sector. Taxes on profits, production and product consumption are commonplace in both the upstream and downstream sectors. That regime exposes us to the risk of changes in the tax regulations applicable in the countries where we have operations and different interpretations of the regulations by the taxation authorities. The main purpose of the company's tax strategy is to comply with applicable tax legislation where it operates and ensure that all Cepsa companies do the same.

Operational risks

Operational risks are associated with value chain management, operational effectiveness and efficiency, resource and people management, personal and facility safety and respect for the environment.

Risks	Description and control measures
Process, employee and environmental safety risk	Our activities inherently expose us to operational risks such as incidents or accidents affecting assets or, in a worst-case scenario, damage to third parties or the environment. We have undertaken several initiatives to manage this risk: <ul style="list-style-type: none"> • Having a safety management system based on OHSAS 18001:2007 that is ISO 14,001 certified and covers safety at all levels in the organisation • Running our industrial plants in such a way as to ensure the integrity of our operations, putting in place hazard control and risk mitigation measures to minimise the consequences of potential major accidents and providing the highest level of protection and safety to the people who work at Cepsa, as well as the assets, processes and environments and populations around our facilities, as articulated in the HSEQ Policy • Renewing integrated environmental authorisations at all our plants in Spain to ensure compliance with principles of prevention and control over all processes to minimise environmental impacts • Implementing a company-wide safety culture action plan and drawing up a strategic safety standard maintenance and improvement plan
Data security risk	Our business processes rely heavily on digital systems in both the information technology (IT) and the operational technology (OT) spheres. Therefore, a potential cyber attack on systems supporting critical and business processes could end up interrupting operations, affecting the related business units or resulting in a loss of information that is valuable to the company, sensitive or confidential. We manage this risk through the following: <ol style="list-style-type: none"> 1. The cybersecurity function, articulated around international standards and best practice 2. Cybersecurity governance, consisting of <ol style="list-style-type: none"> a. Management using scorecards, with regular reporting to the Management Committee b. Fostering a cybersecurity culture in the company through training and awareness initiatives, including compulsory training on cybersecurity and drills simulating real multichannel attack 3. Body of OT information systems and cybersecurity regulations, under the umbrella of the Cybersecurity Policy, articulated through their relevant standards and procedures and specific procedure 4. Third-party cybersecurity risk management 5. Secure architecture implemented in both IT and OT environments: reinforcement of access controls with two-factor authentication and VPN connection device authentication 6. System hardening: eliminating obsolete protocols / updating patches 7. Cybersecurity insurance, with ample coverage for the risk scenarios identified 8. Cyber resilience: procedure for cybersecurity incident response and escalation to the highest corporate crisis management body (4C). We also have an ISO 20,000-certified continuous improvement process related to Cepsa's technology contingency plan
Water management risk	Water is a scarce resource that is essential for our industrial operations so we must adapt water management to climate change. Protecting the environment is one of our core corporate values and we strive to minimise the environmental impact of our operations. Our sustainability pledge has led to the start-up of water recovery and withdrawal projects and initiatives to promote more rational use of water. We particularly monitor the amount and quality of water needed for our production activities.

Operational risks

Operational risks are associated with value chain management, operational effectiveness and efficiency, resource and people management, personal and facility safety and respect for the environment.

Risks	Description and control measures
Talent and culture management risk	We need a new business culture with more participative processes to address the challenges posed by the energy transition and digital transformation. More importantly, we need a new type of leadership, a new way of managing talent and we must identify and develop new skills. We are in the midst of our strategy to tackle the challenges thrown up by the energy sector's transition. Therefore, we could be affected if we are unable to attract and retain the right talent or if our organisational models and corporate culture are not aligned or in sync with this transition. So that our culture and strategic transformation can evolve in tandem, we are rolling out a transformation programme based on effective communication and active and inclusive leadership.
Project execution risk	Framed by the transition to a sustainable model, our Positive Motion strategy entails executing myriad ambitious projects to transform our production activity. A shortage of resources to execute these projects, which has become increasingly possible because of the Russia-Ukraine conflict, inflation-induced cost overruns and other factors (e.g., delays in securing permits and licences, changes in technical, tax, regulatory and political conditions) could have an adverse impact on project execution and, accordingly, our financial performance and the delivery of our strategy. We manage this risk through in-depth planning and ongoing control of all project costs and deadlines.
Supply risk	Shortages in global supply chains and of cargo ships and containers are putting pressure on the commodity and components markets, which could undermine product availability and cause prices to rise. Actions taken to minimise supply risk include identifying critical supplies and spare parts, maintaining open communication with existing suppliers to ensure we can procure them and entering into contracts to limit delivery risk and international shipping costs.

Compliance Risks

Compliance risks are related with governance and compliance with legal and other commitments assumed and with management of the company's legal affairs.

Risks	Description and control measures
Regulatory compliance risk	Sensitive or confidential data leakage or any breach of laws or regulations could have an adverse impact on our reputation and result in penalties or claims for compensation. We have an effective compliance management system in place to address this risk and minimise its impacts.
Ethical misconduct risk	Ethical misconduct or breach of rules and regulations exposes us to criminal or administrative proceedings that could have an adverse effect on our reputation, operations, financial performance and stakeholder value. As we operate internationally, we are also subject to anti-corruption and anti-bribery laws in many different jurisdictions. We manage this risk with: Our Code of Ethics and Conduct, which sets out the core principles, rules and the ethical conduct applicable to our people. An ISO 37,001 and UNE 19,601 certified criminal and anti-bribery compliance system.
Compliance risks associated with economic and trade sanctions imposed by the United States, the European Union or other jurisdictions	Non-compliance with international sanctions, which increased considerably in 2022 due to geopolitical tension, could have severe financial impacts for the company, particularly a potential disruption in funding sources or breach of other covenants with banks. We have a third-party due diligence procedure in place to manage this risk based on the Control Policy on Sanctions and Embargoes in Trade Relations, Exports and Dual-Use Goods approved by the Board of Directors. Due diligence is performed centrally by the Ethics and Compliance Office, with the assistance of an external consultant depending on the risk levels identified in the counterparties and transactions.
Litigation and arbitration risk	We manage administrative, judicial and arbitration proceedings in relation with claims arising in the ordinary course of business. We cannot predict the scope and final outcome reliably, irrespective of the amount of each case. Based on current information, management considers that these risks are reasonably covered by the amount of provisions recognised.

APPENDIX 5. INTERNAL CONTROL SYSTEM

Our internal control system is based on international best practices, most importantly the methodologies established by COSO, the International Standard on Assurance Engagements (ISAE 3000), the international standard on compliance management systems (ISO 19600) and the international standard on anti-bribery management systems (ISO 37001).

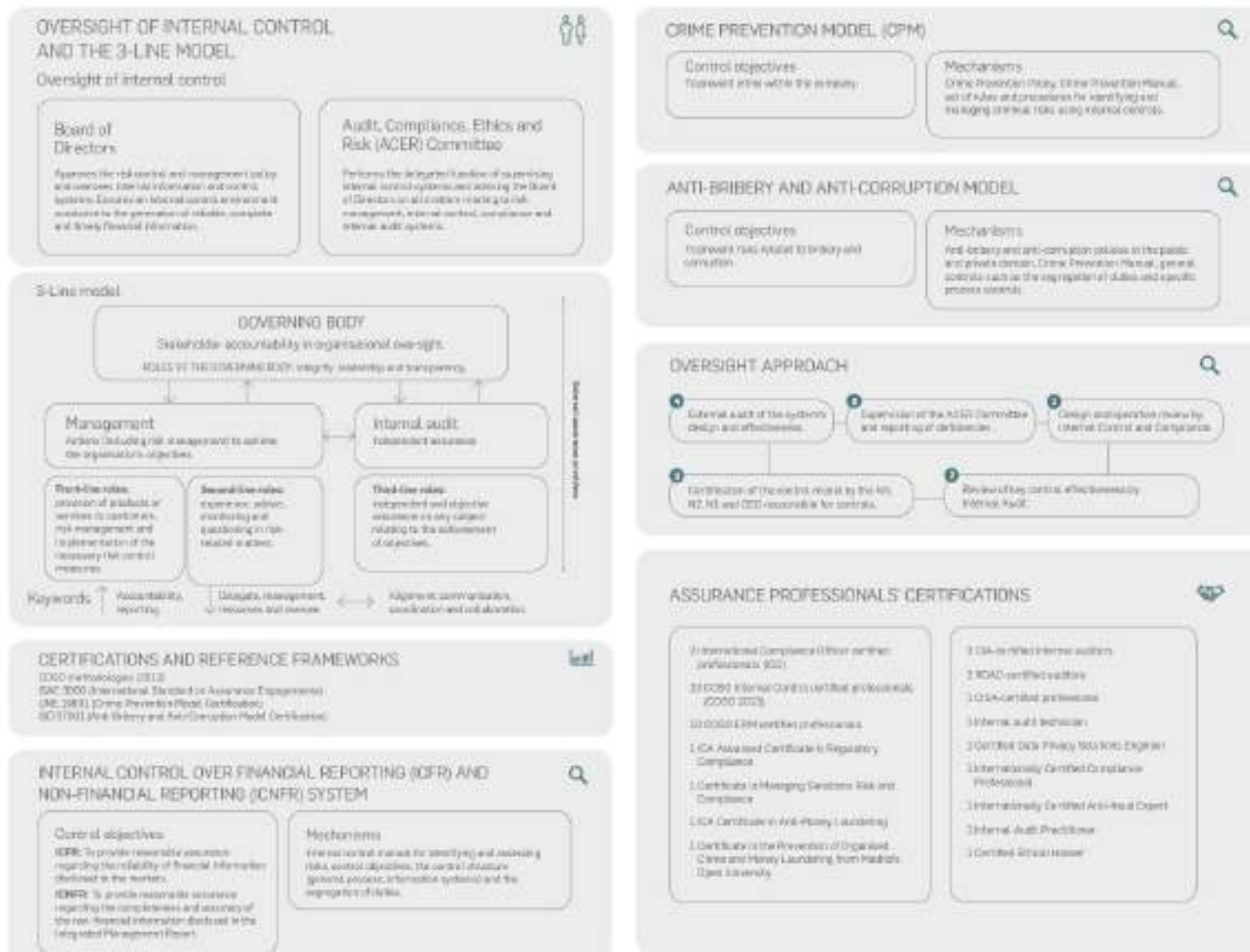
The control models that are audited and certified by the Audit, Compliance and Risk Department annually are:

- Internal control over financial reporting system (ICFR)
- Internal control over non-financial reporting system (ICNFR)
- Crime prevention model (CPM)
- Anti-bribery and anti-corruption model

The internal control system is based on combined assurance articulated around the Institute of Internal Auditor's Three Lines Model, which was updated in 2020, to provide an end-to-end vision of how the various parts of the organisation effectively interact and coordinate so as to render its management and relevant risk control processes more effective. The design and effectiveness of the internal control model is assessed annually prior to certification.

In 2022, Cepsa updated its internal control system to align it with the changes made within the organisation. In parallel, further improvements were made to the system, broadening its scope in the Exploration & Production, Energy Parks and Commercial and Clean Energies businesses. On the non-financial reporting front, the company did Taxonomy-related work, specifically working on a control system designed to ensure that the information reported in the integrated report presents a true and fair view.

Key aspects of the internal control system



Supervision of the internal control system takes place at different levels of the organisation:

Board of Directors

The Board approves the company's general policies and strategies and oversees its risk management and internal reporting and control systems. It is ultimately responsible for ensuring an internal control system that is conducive to generating reliable, complete and timely financial and non-financial information and laying the foundations for any other compliance programme needed. Functionally, it delegates execution of its duty of overseeing the organisation's internal control systems in its Audit, Compliance, Ethics and Risk Committee.

Audit, Compliance, Ethics and Risk Committee

The Committee's duties include overseeing effectiveness of the internal control system and counselling the Board of Directors on all matters related with the risk management, internal control, compliance and internal audit systems.

Management: first line roles

The Board of Directors and management team, ultimately responsible for internal control, set the tone from the top by means of the Code of Ethics and Compliance, its emanating policies and certain aspects of the control environment, including the organisational structure, segregation of duties and delegation of authority, needed to establish an appropriate control framework. As a result, our first line professionals are directly responsible for managing the organisation's risks and controls and for implementing and maintaining a consistently effective internal control system.

Management: second line roles

Professionals in second line of defence roles are mainly tasked with supervising the risks, controls and compliance matters stipulated by the Board of Directors, suggesting guidelines and improvements and controlling execution by the first line.

The main second line assurance functions at our company, each within his or her respective area of responsibility, are:

- The Corporate Risk Unit under the umbrella of the integrated risk control and management system, along with the risk functions at the business level.
- The Compliance and Internal Control Units, which are responsible for proactively ensuring that the internal control system (ICFR, ICNFR and CPM) is working effectively and as intended.
- The Cybersecurity Unit, which supervises, monitors and reports on IT- and cybersecurity-related risks.
- The Health, Safety, Environment and Quality (HSEQ) Department, which supervises, monitors and reports on risks related with the safety of our industrial facilities and environmental risks.

Third line: internal audit

The internal audit function, in its third line role, proactively ensures that the internal control system is working properly. It carries out its duties in line with the International Standards for the Professional Practice of Internal Auditing and boasts international Quality Assessment (QA) from the International Audit Institute. To ensure that the standards set internally are upheld, the Internal Audit Department has implemented a specific quality assurance function that carries out audits to review the quality of the internal audits conducted annually.

To guarantee independence, the Internal Audit, Compliance and Risk Department reports functionally to the Audit, Compliance, Ethics and Risk Committee and hierarchically to the Chief Legal & Assurance Officer.

The annual internal audit plan is drawn up taking a risk-based approach designed to help deliver our objectives, in response to the demands of the Audit, Compliance, Ethics and Risk Committee and ad-hoc requests made by management.

The internal control system is reviewed annually in coordination with the statutory external auditor and the external Crime Prevention Model auditor, checking the system's critical controls to verify they are working correctly prior to certification.

External assurance providers

In addition, external auditors and regulators independently verify that Cepsa is compliant with its requirements and performing the controls put in place to ensure the correct functioning of the corporate governance and risk management and control systems.

APPENDIX 6. ADDITIONAL FINANCIAL INFORMATION

Appendix 6.1 Profits

Country-by-country profits (€ thousand)

Country	2022	2021
Spain	266,540	179,000
Algeria	235,091	108,498
Belgium	1,589	1,220
Brazil	62,338	54,758
Canada	27,396	31,767
China	-721	15,297
Colombia	90,556	112,194
United Arab Emirates	282,786	34,389
USA	-43	-163
Indonesia	53,471	24,737
Italy	9,249	3,713
Mexico	-3,642	-2,734
Morocco	1,949	5,339
Malaysia	0	-151
Nigeria	18,025	5,845
Netherlands	2,859	1,476
Peru	13,560	14,613
Portugal	19,729	22,613
UK	13,925	11,894
Singapore	19,370	32,823
Suriname	-25,927	-3,049
Thailand	6,822	4,423
Luxembourg	4,739	2,687
Total	1,099,661	661,187

Appendix 6.2 Value generated and distributed

[GRI 201-1] Direct economic value generated and distributed

Direct economic value generated (€ million)

	2022	2021
Direct economic value generated		
Revenue (including excise duty)	33,877	24,532
Other operating income	91	48
Finance income	407	204
Share of profit of associates	103	51
Proceeds from disposals of assets	22	35
Total	34,500	24,870

Direct economic value distributed (€ million)

	2022	2021
Direct economic value distributed		
Economic relationships with suppliers (including purchases of crude oil, raw materials and energy products)	28,221	20,207
Payments to capital providers	727	639
Shareholders	578	514
Financiers	149	125
Total taxes paid by Cepsa ¹	3,634	2,819
Total employee salaries and compensation	836	615
Investment in social programmes and initiatives	0	0
Total	33,418	24,280

1. Includes excise duty, income tax and other taxes.

Direct economic value retained (€ million)

	2022	2021
Direct economic value retained	1,082	590

Appendix 6.3 Additional activity metrics

CHEMICALS

[SASB RT-CH-000.a1] Production by reportable segment

Production in 2022 and 2021 (thousand tonnes)

Segment	2022	2021
LAB - Puente Mayorga	242,085	209,269
LABSA - Mayorga Bridge	33,998	35,688
Paraffin - Puente Mayorga	347,837	382,489
LAB - Bécancour	135,848	151,738
LAB - Deten	196,843	210,594
LABSA - Stop	81,474	79,830
Phenol - Palos de la Frontera	305,476	527,765
Acetone - Palos de la Frontera	190,591	330,237
Cumene - Palos de la Frontera	591,992	763,503
AM - Palos de la Frontera	11,002	17,362
Phenol - Shanghai	297,832	299,906
Acetone - Shanghai	186,581	188,172
Cumene - Shanghai	411,647	421,745
Solvents - Puente Mayorga	165,595	129,320

[SASB RT-CH-410a.1] Revenue from products designed for use-phase resource efficiency

Revenue from products designed for use-phase resource efficiency in 2022 and 2021 (€)

Facilities	2022	2021
Cepsa Chemical Shanghai	870,020	639,583
Cepsa Chimie Bécancour, INC.	286,780	200,426
Cepsa Italy	98,224	65,203
Cepsa Chemical Products	2,567,020	2,162,871
Cepsa UK	129,004	133,093
Detén Química	470,553	301,848
Total revenue	4,421,601	3,503,024

Exploration & Production

Oil and gas production

Net production volume¹ in 2022 and forecast production volume for FY 2025 (MMBOE)

Type of fuel	Production volume	
	2022	2025 forecast
Fossil	24.6	27.7
Natural gas (2)	1	0.5
Total hydrocarbon reserves	25	28.2

1. We do not have any hydrocarbon production or revenue from oil sands (including extra-heavy bitumen and synthetic crude), from shale oil and gas (developed using hydraulic fracturing) or from ultra-deep water or Arctic drilling.

2. Conversion rate: 1boe = 6,000 scf

Oil and gas reserves

Net estimated hydrocarbon reserves (MMBOE)

Type of fuel	Proved reserves (1P)	Proved + probable reserves (2P)
Fossil	252.7	360.5
Natural gas (2)	2.5	3.2
Total hydrocarbon reserves	255.2	363.6

1. We do not have any reserves from oil sands (including extra-heavy bitumen and synthetic crude) or from shale oil and gas (developed using hydraulic fracturing).

2. Conversion rate: 1boe = 6,000 scf

Appendix 6.4 Glossary

Alternative Performance measure	Unit	Relevance of use
EBITDA	Millions €	Measure of operational profitability deducting the interests, taxes, provisions and amortizations.
Current cost of Supplies (CCS)	Millions €	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	Millions €	It allows the results disclosure excluding those atypical expenses/income not directly related to the activity (non-recurring).
Net debt	Millions €	It measures the company's level of debt.
Capital employed	Millions €	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	Millions €	It is used for evaluating the funds available for paying dividends, and debt service payments.
Net operating profit	Millions €	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.

APPENDIX 7. COUNTRY-BY-COUNTRY REPORTING OF TAXES

[GRI 207-4] Presentación de informes país por país

Country-by-country reporting 2021

Company	Tax jurisdiction	Revenues from third-party sales (€)	Revenues from intragroup transactions (€)	Total revenues (€)	Profit/(loss) before tax (€)	Income tax paid (on a cash basis) (€)	Income tax accrued. Current year (€)	Declared capital (€)	Retained earnings (€)	Tangible assets other than cash and cash equivalents (€)
Spain	Spain	20,008,564,453	25,819,959,998	45,828,524,451	454,992,856	(42,098,098)	(30,959,948)	3,352,948,254	3,576,839,354	6,627,703,681
Algeria	Algeria	128,303,725	306,328,852	434,632,577	246,337,283	(65,512,836)	(140,080,917)	—	—	355,328,022
Belgium	Belgium	63	3,230,860	3,293,502	1,649,251	(239)	(429)	65	1,345,875	5
Brazil	Brazil	296,143,660	17,751,401	313,895,061	65,006,364	(5,415,403)	(5,411,727)	159,328,096	139,631,206	96,986,765
Canada	Canada	147,162,613	68,673,596	215,836,209	43,582,142	(10,497,054)	(11,815,287)	1,152,428	68,051,738	77,155,088
China	China	487,653,944	163,013,789	650,667,733	1,171,473	—	2,434,791	267,813,580	(96,839,443)	418,229,958
Colombia	Colombia	142,737,377	1,892,991	144,630,368	81,600,969	(1,963,844)	41	—	—	95,217,225
Italy	Italy	64,345,849	1,788,341	66,134,190	5,036,045	(1,253,914)	(1,302,037)	6,024,800	10,278,423	6,706,307
Luxembourg	Luxembourg	3,051,595	—	3,051,595	4,326,357	(38)	(488)	2,725,000	41,385,354	—
Malaysia	Malaysia	328	—	328	(210)	(119)	—	4,925,883	2,204,856	338
Mexico	Mexico	146,402,263	—	146,402,263	(1,290,641)	(340)	—	16,173,402	(8,358,461)	9,056,179
Morocco	Morocco	21,050,276	—	21,050,276	2,815,419	(92)	(349)	48,778,052	5,315,158	2,472,745
Netherlands	Netherlands	14,022,182	3,035,824	17,058,006	2,198,609	(928)	(509)	184,460,311	(78,008,790)	65
Peru	Peru	37,712,728	—	37,712,728	19,389,647	(6,946,870)	(4,827,108)	95,168,877	(46,165,307)	23,859,361
Portugal	Portugal	904,603,594	248,487,734	1,153,091,328	32,975,091	(3,734,606)	(10,176,616)	53,547,051	37,546,795	158,284,611
Singapore	Singapore	1,944,586,431	21,583,066	1,966,169,497	11,828,629	(436)	(920)	186,319,115	(237,830,332)	178,415,891
Suriname	Suriname	1,504,928	35	1,540,114	(587)	—	(2,462,214)	—	—	—
Thailand	Thailand	7	1,234,292	1,240,999	(3,242,332)	8,947,652	4,357,408	3,878,374	(31,234,229)	97
United Arab Emirates	United Arab Emirates	22,674,841	626,668,981	649,343,822	447,230,142	(239,223,661)	(431,292,183)	475	1,299,343	1,595,600,802
UK	UK	133,193,123	786	133,979,173	15,121,592	(1,356,153)	(2,873,894)	3,337,490	21,364,938	10,637,601
USA	USA	—	—	—	(163)	(845)	(848)	8	(281)	—

Country-by-country reporting 2020

Company	Tax jurisdiction	Revenues from third-party sales (€)	Revenues from intragroup transactions (€)	Total revenues (€)	Profit/(loss) before tax (€)	Income tax paid (on a cash basis) (€)	Income tax accrued. Current year (€)	Declared capital (€)	Retained earnings (€)	Number of employees (no.)	Tangible assets other than cash and cash equivalents (€)
Spain	Spain	14,040,168,148	15,381,055,564	29,421,223,712	(1,183,026,828)	(1,046,549)	228,163,986	3,394,823,252	3,514,622,089	8,299	5,173,337,016
Algeria	Algeria	114,517,772	233,817,269	348,335,041	(4,979,798)	(153,636,729)	(77,077,023)	—	—	130	303,955,909
Belgium	Belgium	0	3,280,202	3,280,202	178,701	(320,000)	(60,283)	6,500	125,952	9	49,443
Brazil	Brazil	221,587,475	6,156,952	227,744,427	62,985,616	(2,208,341)	(2,350,081)	162,845,216	95,962,907	179	75,013,314
Canada	Canada	79,419,911	76,940,514	156,360,425	21,953,765	(745,570)	(5,888,235)	115,242	36,284,882	63	55,008,066
China	China	340,230,508	75,533,065	415,763,573	93,671,149	—	—	267,813,580	(100,445,707)	118	378,496,164
Colombia	Colombia	72,045,555	18,401,822	90,447,377	-55310725	4,000,056	(26,921,805)	—	—	182	86,766,479
Italy	Italy	41,511,683	1,256,739	42,768,422	3,968,083	(843,784)	(1,084,036)	6,024,800	6,544,414	6	6,189,927
Luxembourg	Luxembourg	1,645,145	0	1,645,145	801,168	3,470	6,226	2,725,000	37,546,575	—	—
Malaysia	Malaysia	10,028,109	22,173	10,050,282	-10225401	(2,483,653)	2,078,173	27,521,538	2,419,869	11	312,162
Mexico	Mexico	51,529,831	0	51,529,831	(2,591,947)	—	685,002	13,880,576	(5,570,997)	10	4,630,730
Morocco	Morocco	7,650,411	0	7,650,411	786,726	—	(171,517)	6,898,772	2,439,387	13	1,050,756
Netherlands	Netherlands	6,571,999	3,001,246	9,573,245	(39,108,277)	(794,293)	(602,299)	184,837,078	(93,491,625)	5	122,543
Peru	Peru	25,149,709	3,744	25,153,453	(32,537,329)	(5,456,437)	(6,047,873)	95,168,877	(60,727,845)	46	8,513,699
Portugal	Portugal	689,969,592	207,661,006	897,630,598	8,196,232	(2,891,692)	(2,845,019)	53,541,051	14,698,372	598	142,212,790
Singapore	Singapore	674,833,908	52,807,512	727,641,420	4,954,828	(1,644,800)	(1,902,400)	242,664,129	(192,691,965)	7	13,479,266
Suriname	Suriname	2,769,869	336,395	3,106,264	2,741,754	—	(14,552)	—	—	—	—
Thailand	Thailand	22,229,342	12,428,308	34,657,650	(9,265,299)	(4,695,729)	(2,036,738)	3,878,374	(31,717,960)	42	246,230
United Arab Emirates	United Arab Emirates	7,446,215	333,215,664	340,661,879	(17,243,750)	(91,538,669)	(26,074,073)	1,123,554	842,052	32	1,418,396,059
UK	UK	80,948,850	218,025	81,166,875	6,123,219	(1,533,845)	(1,370,910)	3,337,490	9,117,240	7	6,878,039
USA	USA	68	0	68	-121255	0	0	8477	-117091	2	0

List of companies and core business²

Company	Tax jurisdiction	Business
ATLAS, S.A. COMBUSTIBLES Y LUBRIFICANTES	Spain	Sales, marketing and distribution
CEPSA ENERGY COMPANY INTERNATIONAL, SLU	Spain	Manufacturing and production
CEDIPSA COMPAÑIA ESPAÑOLA DISTRIBUIDORA DE PETROLEOS, S.A	Spain	Sales, marketing and distribution
CEPSA (RHOURE EL ROUNI) LIMITED	Spain	Manufacturing and production
CEPSA ALGERIE, S.L.	Spain	Manufacturing and production
CEPSA AVIACIÓN, S.A.	Spain	Sales, marketing and distribution
CEPSA BIOENERGÍA SAN ROQUE, S.L.U	Spain	Manufacturing and production
CEPSA BUSINESS SERVICES S.A.	Spain	Administration, management and support services
CEPSA CARD, S.A.U.	Spain	Sales, marketing and distribution
CEPSA COLOMBIA, S.A.	Spain	Manufacturing and production
CEPSA COMERCIAL PETROLEO, S.A.U.	Spain	Sales, marketing and distribution
CEPSA E.P. ABU DHABI, S.L.U	Spain	Manufacturing and production
CEPSA EP ESPAÑA, S.L.U.	Spain	Manufacturing and production
CEPSA GAS Y ELECTRICIDAD, S.A.U	Spain	Sales, marketing and distribution
CEPSA PERU, S.A.	Spain	Ownership of shares or other equity instruments
CEPSA PETRONUBA, S.A.U.	Spain	Administration, management and support services
CEPSA QUIMICA CHINA, S.A.	Spain	Ownership of shares or other equity instruments
CEPSA QUIMICA, SA	Spain	Research and development, sales, marketing and distribution
CEPSA, S.A.	Spain	Ownership of shares or other equity instruments
CEPSA SURINAM, S.L.U	Spain	Manufacturing and production
CEPSA TRADING, S.A.U.	Spain	Purchases and supplies, supply, marketing and distribution
CMD AEROPUERTOS CANARIOS, S.L.	Spain	Sales, marketing and distribution
COASTAL ENERGY COMPANY, S.L.U.	Spain	Ownership of shares or other equity instruments
COASTAL ENERGY COMPANY (KHORAT) LTD	Spain	Ownership of shares or other equity instruments
COMPAÑIA ESPAÑOLA DE PETROLEOS, SA	Spain	Research and development; ownership and management of intellectual property; purchases and supplies; manufacturing and production; sales, marketing and distribution; administration, management and support services; provision of services to unrelated companies; intragroup financing; insurance; ownership of shares or other equity instruments
ERS SPAIN GESTIÓN CORREDURÍA DE SEGUROS, S.L.	Spain	Sales, marketing and distribution
GENERACIÓN ELÉCTRICA PENINSULAR, S.A.	Spain	Manufacturing and production

² Difference from 2020:

- Exclusions: PLASTIFICANTES DE LUTXANA, S.A.; INTRANSPORT SERVICE XXI, S.L.U.
- Changes in business: CEPSA QUIMICA, SA, addition of activity; IOT4OIL, S.L.U., idle; MITRA MEDULAS, S.L.U, MITRA ALFA, S.L.U., MITRA BETA, S.L.U., MITRA GAMMA, S.L.U., change of activity; CEPSA OLEO E GAS DO BRASIL LTDA., idle.

Company	Tax jurisdiction	Business
OLEODUCTOS CANARIOS, S.A.	Spain	Provision of services to unrelated companies
PETROLEOS DE CANARIAS, SA	Spain	Sales, marketing and distribution
RED ESPAÑOLA DE SERVICIOS, S.A.U	Spain	Sales, marketing and distribution
RESSA SERVICE, S.L.U.	Spain	Idle
SERVICIOS ENERGÉTICOS DE ALTA EFICIENCIA, S.A.U.	Spain	Sales, marketing and distribution
SPANISH INTOPLANE SERVICES, S.L.U.	Spain	Sales, marketing and distribution
SURESA RETAMA, S.L.U.	Spain	Sales, marketing and distribution
CEPSA FOUNDATION	Spain	Non-profit organisations
CEPSA FINANCE, S.A.U.	Spain	Intragroup financing
CEPSA TREASURY, S.A.U.	Spain	Intragroup financing
CEPSA GAS COMERCIALIZADORA, S.A.	Spain	Sales, marketing and distribution
MITRA DELTA SLU	Spain	Sales, marketing and distribution
MITRA IOTA SLU	Spain	Sales, marketing and distribution
MITRA EPSILON SLU	Spain	Sales, marketing and distribution
GASIB SOCIEDAD IBERICA DE GAS LICUADO, S.L.U.	Spain	Sales, marketing and distribution
MITRA SIGMA SLU	Spain	Sales, marketing and distribution
MITRA LAMBDA SLU	Spain	Sales, marketing and distribution
MITRA NU SLU	Spain	Sales, marketing and distribution
MITRA OMICRON	Spain	Sales, marketing and distribution
MITRA PI SLU	Spain	Sales, marketing and distribution
IOT4OIL, S.L.U.	Spain	Sales, marketing and distribution; idle.
MITRA MEDULAS, S.L.U.	Spain	Sales, marketing and distribution
MITRA ALFA, S.L.U.	Spain	Sales, marketing and distribution
MITRA BETA, S.L.U.	Spain	Sales, marketing and distribution
MITRA GAMMA, S.L.U.	Spain	Sales, marketing and distribution
SESELLE RENOVABLES, S.L.U.	Spain	Sales, marketing and distribution
REDES RENOVABLES, S.L.U.	Spain	Sales, marketing and distribution
CHANTEIRO RENOVABLES, S.L.U.	Spain	Sales, marketing and distribution
MAGNA EXPERGERE, S.A.	Spain	Sales, marketing and distribution
DIGITAL X COMPANY, S.L.U.	Spain	Sales, marketing and distribution
GENERACION CARTEIA, S.L.U.	Spain	Sales, marketing and distribution
CEPSA (RHOURDE EL ROUNI) LTD., Permanent Establishment	Algeria	Manufacturing and production
CEPSA ALGERIE S.L., Permanent Establishment	Algeria	Manufacturing and production
CEPSA QUIMICA BELGIUM, N.V.	Belgium	Sales, marketing and distribution
CEPSA OLEO E GAS DO BRASIL LTDA.	Brazil	Idle

Company	Tax jurisdiction	Business
DETEN QUIMICA, S.A.	Brazil	Manufacturing and production
PETRESA PARTICIPAÇÕES, LTDA	Brazil	Idle
CEPSA CHIMIE BÉCANCOUR, INC.	Canada	Manufacturing and production
CEPSA CHEMICAL PRODUCTS (SHANGHAI) Co., Ltd.	China	Sales, marketing and distribution
CEPSA CHEMICAL (SHANGHAI), CO., LTD.	China	Manufacturing and production
CEPSA COLOMBIA, S.A. (Colombia Branch)	Colombia	Manufacturing and production
CEPSA ITALIA, S.p.A.	Italy	Sales, marketing and distribution
CONSORCIO RESSA	Italy	Sales, marketing and distribution
TEIDE RE, S.A.	Luxembourg	Insurance
COASTAL ENERGY KBM SDN BHD	Malaysia	Manufacturing and production
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	Mexico	Sales, marketing and distribution
CEPSA E.P. MEXICO, S DE R.L. DE C.V.	Mexico	Sales, marketing and distribution
PETROSUD, S.A.	Morocco	Manufacturing and production
CEPSA MAGHREB, S.A.	Morocco	Manufacturing and production
CCP HYDROCARBURES, S.A.R.L.	Morocco	Manufacturing and production
CEPSA INTERNATIONAL, B.V.	Netherlands	Intragroup financing
CEPSA QUIMICA NETHERLANDS, B.V.	Netherlands	Sales, marketing and distribution
CEPSA PERUANA, S.A.C.	Peru	Manufacturing and production
CEPSA PORTUGUESA PETRÓLEOS, S.A.	Portugal	Sales, marketing and distribution
PROPEL-PRODUTOS DE PETROLEO, L.D.A.	Portugal	Sales, marketing and distribution
GASIB SOCIEDADE IBÉRICA DE GÁS LIQUEFEITO LTD	Portugal	Sales, marketing and distribution
CEPSA GAS Y ELECTRICIDAD, S.A. - PORTUGAL BRANCH	Portugal	Sales, marketing and distribution
MOPU HOLDINGS (SINGAPORE) PTE LTD	Singapore	Sales, marketing and distribution
CEPSA TRADING ASIA PTE LTD (SINGAPORE)	Singapore	Sales, marketing and distribution
CEPSA SURINAM, S.L.U EP	Suriname	Manufacturing and production
CEPSA ENERGY COMPANY INTERNATIONAL, SLU (Thailand Branch)	Thailand	Manufacturing and production
CEC SERVICES (THAILAND) LTD.	Thailand	Administration, management and support services
NUCOASTAL (THAILAND) LIMITED	Thailand	Sales, marketing and distribution
CEPSA MARINE FUELS DMCC	United Arab Emirates	Sales, marketing and distribution
CEPSA PETROLEUM OPERATIONS MIDDLE EAST LLC	United Arab Emirates	Administration, management and support services
CEPSA EP ABU DHABI, S.L.U (Abu Dhabi Branch)	United Arab Emirates	Manufacturing and production
CEPSA UK, LTD.	United Kingdom	Sales, marketing and distribution
CEPSA TRADING AMERICAS, INC	United States	Sales, marketing and distribution

APPENDIX 8. SUSTAINABILITY STANDARDS INDEX

Spanish Law 11/2018 and GRI Cross-Reference Table

LIST OF CONTENTS REQUIRED UNDER LAW 11/2018

Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
GENERAL INFORMATION		
A brief description of the undertaking's business model, including disclosures relating to its business environment, organisation and structure	GRI 2-6 Activities, value chain and other business relationships	1.3 OUR COMPANY 1.3.3 Our businesses
Operating markets	GRI 2-1 Organizational details GRI 2-6 Activities, value chain and other business relationships	1.3 OUR COMPANY 1.3.5 Global footprint
The undertaking's objectives and strategy	GRI 2-22 Statement on sustainable development strategy GRI 3-3 Management of material topics	3.1 MOVING TOWARDS A NET ZERO WORLD 3.1.2 Strategy under the guidance of Positive Motion
Main trends and factors that could affect future development	GRI 2-22 Statement on sustainable development strategy GRI 201-2	1.1 TRANSFORMING OUR ENERGY BUSINESS
Reporting framework used	GRI 1-3 System of GRI standards	APPENDIX I ABOUT THIS REPORT
Materiality principle	GRI 3-1 Process to determine material topics GRI 3-2 List of material topics	APPENDIX 2 MATERIALITY
Principal short-, medium- and long-term risks	GRI 3-3 Management of material topics	APPENDIX 4 DETAILED INFORMATION ABOUT THE COMPANY'S KEY RISKS
Key performance indicators		The key performance indicators (KPI) pertaining to the non-financial information are distributed throughout the report. Refer to the cross-reference table for further details.
ENVIRONMENTAL MATTERS		
Management approach: description and results of the policies addressing these matters and of the principal risks related to matters linked to the undertaking's operations	GRI 2-12 Role of the highest governance body in overseeing the management of impacts GRI 2-23 Policy commitments GRI 3-3 Management of material topics	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT
DETAILED GENERAL INFORMATION		
Detailed information about the current and foreseeable impacts of the undertaking's activities on the environment and, as appropriate, on health and safety	GRI 3-3 Management of material topics	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.1 Managerial excellence Appendix 3.5.1 Managerial excellence Appendix 3.5.2 Environmental investments
Environmental assessment and certification processes	GRI 2-23 Policy commitments	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.1 Managerial excellence Appendix 3.5.1 Managerial excellence Appendix 3.5.2 Environmental investments

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
Resources dedicated to preventing environmental risks	GRI 3-3 Management of material topics	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.1 Managerial excellence Appendix 3.5.1 Managerial excellence Appendix 3.5.2 Environmental investments
How the precautionary principle is addressed	GRI 2-23 Policy commitments GRI 3-3 Management of material topics	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.1 Managerial excellence Appendix 3.5.1 Managerial excellence Appendix 3.5.2 Environmental investments
Amount of provisions recorded or guarantees extended for environmental claims	GRI 3-3 Management of material topics	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.1 Managerial excellence Appendix 3.5.1 Managerial excellence Appendix 3.5.2 Environmental investments We have environmental liability insurance for all our production, storage and supply facilities, coverage which goes beyond our regulatory requirement. Note 28 of our annual financial statements, "Environmental matters", provides disclosures about our provisions.
POLLUTION		
Measures to prevent, reduce or repair the emissions that seriously impact the environment, taking into consideration any form of air pollution specific to the business, including noise and light pollution	GRI 3-3 Management of material topics GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Indirect (Scope 3) GHG emissions GRI 305-3 Other indirect (Scope 3) GHG emissions GRI 305-5 Reduction of GHG emissions GRI 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x) other significant air emissions	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.5 Continuous control of our air emissions 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.6 Continuous control of our air emissions
CIRCULAR ECONOMY, PREVENTION AND WASTE MANAGEMENT		
Measures for the prevention, recycling, reuse and other forms of recovering and eliminating waste. Initiatives undertaken to eliminate food waste.	GRI 306-2 Waste generation and significant waste-related impacts GRI 306-3 (2020) Waste generated GRI 306-3 (2016) Significant spills GRI 306-4 Waste diverted from disposal GRI 306-5 Waste directed to disposal	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.4 Making the business more circular 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular
SUSTAINABLE USE OF RESOURCES		
Water consumption and supply, in keeping with local limitations	GRI 303-3 Water withdrawal GRI 303-5 Water consumption	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.2 Responsible water consumption APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption
Use and protection of raw materials	GRI 301-1 Materials used by weight or volume GRI 301-2 Recycled input materials used	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.4 Making the business more circular 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
Energy: Direct and indirect energy consumption. Measures taken to improve energy efficiency. Use of renewable sources of energy	GRI 3-3 Management of material topics	3.2 ADVANCING TOWARDS A NET ZERO WORLD
	GRI 302-1 Energy consumption within the organization	
	GRI 302-2 Energy consumption outside the organization	
	GRI 302-3 Energy intensity	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD
CLIMATE CHANGE		
Greenhouse gas emissions generated as a result of the undertaking's activity, including through use of the goods and services it produces	GRI 301-1 Materials used by weight or volume	
	GRI 305-1 Direct (Scope 1) GHG emissions	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics
	GRI 305-2 Indirect (Scope 3) GHG emissions	APPENDIX 3.4 MOVING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions
	GRI 305-3 Other indirect (Scope 3) GHG emissions	
	GRI 305-4 GHG emissions intensity	
Measures taken to adapt for the consequences of climate change	GRI 3-3 Management of material topics	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	APPENDIX 3.4 MOVING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions
	GRI 305-5 Reduction of GHG emissions	
Medium- and long-term GHG emission-cutting targets voluntarily adhered to and the measures implemented to that end	GRI 3-3 Management of material topics	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics
	GRI 305-5 Reduction of GHG emissions	APPENDIX 3.4 MOVING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions
BIODIVERSITY PROTECTION		
Measures taken to preserve or restore biodiversity	GRI 3-3 Management of material topics	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT
	GRI 304-3	3.2.3 Biodiversity protection
		3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection
Impacts caused by the undertaking's activities or operations on protected areas	GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.3 Biodiversity protection
		3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection
SOCIAL AND EMPLOYEE MATTERS		
Management approach: description and results of the policies addressing these matters and of the principal risks related to matters linked to the undertaking's operations	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	3.3 READY FOR WORKPLACE CHANGE
	GRI 2-19 Remuneration policies	3.3.5 Social dialogue and labour relations
	GRI 2-23 Policy commitments	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE
	GRI 3-3 Management of material topics	3.6.6 Social dialogue and labour relations

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
EMPLOYMENT		
Total number and breakdown of employees by country, gender, age and employee category	GRI 2-7 Employees	3.3 READY FOR WORKPLACE CHANGE
	GRI 3-3 Management of material topics	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
	GRI 405-1 Diversity of governance bodies and employees	
Total number and breakdown by contract category and average annual number of permanent, temporary and part-time contracts by gender, age and employee category	GRI 2-7 Employees	3.3 READY FOR WORKPLACE CHANGE
	GRI 2-8 Workers who are not employees	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
Number of dismissals by gender, age and employee category	GRI 401-1 New employees hires and employee turnover	3.3 READY FOR WORKPLACE CHANGE
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
Average pay and trend broken down by gender, age, employee category or equivalent metric	GRI 2-21 Annual total compensation ratio	3.3 READY FOR WORKPLACE CHANGE
	GRI 405-2 Ratio of basic salary and remuneration of women to men	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
Wage gap, remuneration per equivalent job or company average	GRI 405-2 Ratio of basic salary and remuneration of women to men	3.3 READY FOR WORKPLACE CHANGE
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
Average remuneration for directors and executives, including bonuses, attendance fees, termination benefits, long-term savings/pension benefits and any other compensation, broken down by gender	GRI 2-19 Remuneration policies	3.3 READY FOR WORKPLACE CHANGE
	GRI 2-20 Process to determine remuneration	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
Implementation of right-to-disconnect policies	GRI 3-3 Management of material topics	3.3 READY FOR WORKPLACE CHANGE
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
Number of employees with a disability	GRI 405-1 Diversity of governance bodies and employees	3.3 READY FOR WORKPLACE CHANGE
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview
ORGANISATION OF WORK		
Organisation of working time	GRI 2-7 Employees	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.6 Social dialogue and labour relations
Absenteeism in hours	GRI 3-3 Management of material topics	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.6 Social dialogue and labour relations
Measures designed to facilitate work-life balance and sharing of caring responsibilities	GRI 3-3 Management of material topics	3.3 READY FOR WORKPLACE CHANGE 3.3.2 A diverse and inclusive workplace
	GRI 401-3 Parental leave	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
HEALTH AND SAFETY		
Health and safety conditions in the workplace	GRI 3-3 Management of material topics	
	GRI 403-1 Workers covered by an occupational health and safety management system	
	GRI 403-2 Hazard identification, risk assessment, and incident investigation	
	GRI 403-3 Occupational health services	
	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.1 Creating a safety culture
	GRI 403-5 Worker training on occupational health and safety	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE
	GRI 403-6 Promotion of worker health	
	GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
Workplace accidents, specifying frequency and severity and work-related illnesses, broken down by gender.	GRI 403-8 Workers covered by an occupational health and safety management system	
	GRI 403-2 Hazard identification, risk assessment, and incident investigation	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.1 Creating a safety culture
	GRI 403-9 Work-related injuries	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE
	GRI 403-10 Work-related ill health	
MANAGEMENT-EMPLOYEE RELATIONS		
How management-employee dialogue is organised, including procedures for informing and consulting employees and negotiating with them	GRI 2-28 Membership of associations	
	GRI 2-29 Approach to stakeholder engagement	3.3 READY FOR WORKPLACE CHANGE
	GRI 402-1 Minimum notice periods regarding operational changes	3.3.5 Social dialogue and labour relations
	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
Percentage of employees covered by collective bargaining agreements by country	GRI 2-30 Collective bargaining agreements	3.3 READY FOR WORKPLACE CHANGE 3.3.2 A diverse and inclusive workplace
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace
List of collective bargaining agreements, particularly with respect to workplace health and safety	GRI 403-1 Workers covered by an occupational health and safety management system	
	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.2 Safety management: commitment and best practices
	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
TRAINING		
Policies implemented in the area of training	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	3.3 READY FOR WORKPLACE CHANGE 3.3.3 Learning culture
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.4 Learning culture

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
Total training hours by employee category	GRI 404-1 Average hours of training per year and per employee	3.3 READY FOR WORKPLACE CHANGE 3.3.3 Learning culture APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.4 Learning culture
UNIVERSAL ACCESSIBILITY		
Accessibility for persons with disabilities	GRI 405-1 Diversity of governance bodies and employees	3.3 READY FOR WORKPLACE CHANGE 3.3.2 A diverse and inclusive workplace APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace
EQUALITY		
Measures taken to foster equal treatment of and opportunities for men and women	GRI 401-3 Parental leave	3.3 READY FOR WORKPLACE CHANGE 3.3.2 A diverse and inclusive workplace
	GRI 404-2 Programs for upgrading employee skills and transition assistance programs	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace
Equality plans, measures taken to foster employment, anti-sexual/ gender harassment protocols	GRI 405-1 Diversity of governance bodies and employees	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview; 3.6.5 Remuneration: competitiveness and engagement
	GRI 405-2 Ratio of basic salary and remuneration of women to men	
	GRI 406-1 Incidents of discrimination and corrective actions taken	
Anti-discrimination and diversity management policies	GRI 3-3 Management of material topics	3.3 READY FOR WORKPLACE CHANGE 3.3.2 A diverse and inclusive workplace
	GRI 405-1 Diversity of governance bodies and employees	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace
	GRI 405-2 Ratio of basic salary and remuneration of women to men	
	GRI 406-1 Incidents of discrimination and corrective actions taken	
RESPECT FOR HUMAN RIGHTS		
Management approach: description and results of the policies addressing these matters and of the principal risks related to matters linked to the undertaking's operations	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations
	GRI 2-23 Policy commitments	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.4 Human rights
	GRI 3-3 Management of material topics	

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
DUE DILIGENCE PROCEDURES		
Human rights due diligence procedures	GRI 2-23 Policy commitments	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.3 Fiscal transparency and responsibility
	GRI 2-26 Mechanisms for seeking advice and raising concerns	
	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
	GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.5 Legal
	GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	
	GRI 410-1 Security personnel trained in human rights policies or procedures	
	GRI 411-1 Incidents of violations involving rights of indigenous peoples	
Processes and arrangements for preventing human rights abuses and any measures taken to mitigate, manage and repair possible abuses that have materialised	GRI 414-2 Negative social impacts in the supply chain and actions taken	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.3 Fiscal transparency and responsibility
	GRI 3-3 Management of material topics	
	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
	GRI 408-1 Operations and suppliers at significant risk for incidents of child labor	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.5 Legal
	GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	
	GRI 410-1 Security personnel trained in human rights policies or procedures	
	GRI 411-1 Incidents of violations involving rights of indigenous peoples	
Claims of humans rights abuses	GRI 414-2 Negative social impacts in the supply chain and actions taken	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.2 Human rights
	GRI 2-26 Mechanisms for seeking advice and raising concerns	
	GRI 3-3 Management of material topics	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.4 Human rights
Measures introduced to promote and comply with the provisions contained in the ILO's fundamental conventions covering the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.	GRI 406-1 Incidents of discrimination and corrective actions taken	
	GRI 3-3 Management of material topics	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations
		APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.4 Human rights

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
ANTI-CORRUPTION AND BRIBERY STANCE		
Management approach: description and results of the policies addressing these matters and of the principal risks related to matters linked to the undertaking's operations	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.2 Human rights
	GRI 2-23 Policy commitments	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.3 Anti-corruption effort
	GRI 3-3 Management of material topics	
CORRUPTION AND BRIBERY		
Measures taken to prevent corruption and bribery	GRI 2-23 Policy commitments	
	GRI 2-26 Mechanisms for seeking advice and raising concerns	
	GRI 3-3 Management of material topics	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations
	GRI 205-1 Operations assessed for risks related to corruption	
	GRI 205-2 Communication and training about anti-corruption policies and procedures	APPENDIX 3 Sustainability performance 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.3 Anti-corruption effort
	GRI 205-3 Confirmed incidents of corruption and actions taken	
Measures to combat money laundering	GRI 415-1 Political contributions	
	GRI 2-23 Policy commitments	
	GRI 2-26 Mechanisms for seeking advice and raising concerns	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations
	GRI 3-3 Management of material topics	
	GRI 205-1 Operations assessed for risks related to corruption	
	GRI 205-2 Communication and training about anti-corruption policies and procedures	APPENDIX 3 Sustainability performance 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.3 Anti-corruption effort
Contributions to non-profit entities	GRI 205-3 Confirmed incidents of corruption and actions taken	
	GRI 2-28 Membership of associations	2.5 PROACTIVE STAKEHOLDER ENGAGEMENT 2.5.1 Stakeholders
	GRI 201-1 Direct economic value generated and distributed	2.5.2 Institutional relations
SOCIETY MATTERS		
Management approach: description and results of the policies addressing these matters and of the principal risks related to matters linked to the undertaking's operations	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	3.7 LOCAL COMMUNITY RELATIONS
	GRI 2-23 Policy commitments GRI 3-3 List of material topics	3.8 POSITIVE IMPACT ON SOCIETY - CEPSA FOUNDATION

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Disclosures sought under Spanish Law 11/2018	Reporting criterion	Section of the report in which the disclosures under Law 11/2018 are provided
COMMITMENT TO SUSTAINABLE DEVELOPMENT		
Impact of the undertaking's activities on society in terms of employment and local development	GRI 3-3 Management of material topics	
	GRI 201-1 Direct economic value generated and distributed	
	GRI 203-2 Significant indirect economic impacts	3.7 LOCAL COMMUNITY RELATIONS
	GRI 204-1 Proportion of spending on local suppliers	3.8 POSITIVE IMPACT ON SOCIETY - CEPSA FOUNDATION
	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	
	GRI 413-2 Operations with significant actual and potential negative impacts on local communities	
Impact of the undertaking's activities on society in terms of local communities and territories	GRI 3-3 Management of material topics	
	GRI 201-1 Direct economic value generated and distributed	
	GRI 203-2 Significant indirect economic impacts	3.7 LOCAL COMMUNITY RELATIONS
	GRI 411-1 Incidents of violations involving rights of indigenous peoples	3.8 POSITIVE IMPACT ON SOCIETY - CEPSA FOUNDATION
	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	
	GRI 413-2 Operations with significant actual and potential negative impacts on local communities	
Engagement with local community representatives; communication channels in place	GRI 2-29 Approach to stakeholder engagement	
	GRI 204-1 Proportion of spending on local suppliers	3.7 LOCAL COMMUNITY RELATIONS
	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	3.8 POSITIVE IMPACT ON SOCIETY - CEPSA FOUNDATION
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	GRI 204-1 Proportion of spending on local suppliers	
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	GRI 308-1 New suppliers that were screened using environmental criteria	
	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
	GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	APPENDIX 3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN
	GRI 414-1 New suppliers that were screened using social criteria	
	GRI 414-2 Negative social impacts in the supply chain and actions taken	
Supervision and audit systems and their outcomes	GRI 2-6 Activities, value chain and other business relationships	APPENDIX 5. INTERNAL CONTROL SYSTEM
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	GRI 416-1 Assessment of the health and safety impacts of product and service categories	APPENDIX 3 BECOMING A ZERO-ACCIDENT WORKPLACE
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	GRI 3-3 Management of material topics	APPENDIX 3 BECOMING A ZERO-ACCIDENT WORKPLACE
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Country-by-country profits	GRI 3-3 Management of material topics	4.2 KEY FINANCIAL AND BUSINESS INDICATORS
	GRI 201-1 Direct economic value generated and distributed	
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	GRI 201-1 Direct economic value generated and distributed	
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2-2	Entities included in the organization's sustainability reporting	Appendix 1. About this report	—	
2-3	Reporting period, frequency and contact point	—	—	Report for financial year 2022. Annual. Contact points: comunicacion@cepsa.com sostenibilidad@cepsa.com
2-4	Restatements of information	Appendix 1. About this report	—	
2-5	External assurance	—	—	See independent assurance report at the end of this document
2-6	Activities, value chain and other business relationships	1.2 ACCELERATING VALUE CREATION ACROSS ALL OUR BUSINESSES 1.3 OUR COMPANY 3.5 FACILITATING A SUSTAINABLE SUPPLY CHAIN APPENDIX 3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN 3.8.1 Description of the supply chain	—	
2-7	Employees			
2-8	Workers who are not employees	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.1 Work-related injuries	—	
2-9	Governance structure and composition	2.1 CORPORATE GOVERNANCE 2.2 OUR SUSTAINABILITY MANAGEMENT	—	
2-10	Nomination and selection of the highest governance body	2.1 CORPORATE GOVERNANCE	—	
2-11	Chair of the highest governance body	2.1 CORPORATE GOVERNANCE	—	
2-12	Role of the highest governance body in overseeing the management of impacts	APPENDIX 3.2 CORPORATE GOVERNANCE	—	
2-13	Delegation of responsibility for managing impacts	2.1 CORPORATE GOVERNANCE 2.2 OUR SUSTAINABILITY MANAGEMENT	—	
2-14	Role of the highest governance body in sustainability reporting	2.2 OUR SUSTAINABILITY MANAGEMENT Appendix 1. About this report	—	

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
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2-16	Communication of critical concerns	APPENDIX 3.2 CORPORATE GOVERNANCE	—	
2-17	Collective knowledge of highest governance body	APPENDIX 3.2 CORPORATE GOVERNANCE	—	
2-18	Evaluation of the performance of the highest governance body	APPENDIX 3.2 CORPORATE GOVERNANCE	—	
2-19	Remuneration policies	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.5 Remuneration: competitiveness and engagement	—	
2-20	Process to determine remuneration	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.5 Remuneration: competitiveness and engagement	—	
2-21	Annual total compensation ratio	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.5 Remuneration: competitiveness and engagement	—	
2-22	Statement on sustainable development strategy	1.1 TRANSFORMING OUR ENERGY BUSINESS	—	
		1.2 ACCELERATING VALUE CREATION ACROSS ALL OUR BUSINESSES		
		2.2 OUR SUSTAINABILITY MANAGEMENT		
2-23	Policy commitments	2.2 OUR SUSTAINABILITY MANAGEMENT	—	
		2.3 SUSTAINABILITY-ALIGNED POLICIES		
		3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations		
2-24	Embedding policy commitments	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.2 Human rights	—	
		2.3 SUSTAINABILITY-ALIGNED POLICIES		
		3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations		
2-25	Processes to remediate negative impacts	3.7 LOCAL COMMUNITY RELATIONS	—	
		APPENDIX 3.10 LOCAL COMMUNITY RELATIONS		
2-26	Mechanisms for seeking advice and raising concerns	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations	—	
		3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.2 Human rights		
		APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.1 Requests for advice and breaches		

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
2-27	Compliance with laws and regulations	—	—	There were no breaches according to the Company's reporting criteria. Note 26.4 "Uncertainty over the treatment of income and other taxes" includes information on information tax-related penalties in Spain and Colombia. Based on the opinions of its external advisors, the Company considers that it is highly probable that the outcome of the legal proceedings will be favourable.
2-28	Membership of associations	2.5 PROACTIVE STAKEHOLDER ENGAGEMENT 2.5.2 Institutional relations APPENDIX 3.3. STAKEHOLDER MANAGEMENT	—	
2-29	Approach to stakeholder engagement	1.3 OUR COMPANY 1.3.3 Our businesses 1.3 OUR COMPANY 1.3.4 Sustainability, mobility and the customer experience 2.5 PROACTIVE STAKEHOLDER ENGAGEMENT 2.5.1 Stakeholders APPENDIX 3.12 OUR CUSTOMERS	—	
2-30	Collective bargaining agreements	3.3 READY FOR WORKPLACE CHANGE APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.6 Social dialogue and labour relations	—	
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3-3	Management of material topics - Climate change and energy transition	3.1 ADVANCING TOWARDS A NET ZERO WORLD	11.1.1	
201-2	Financial implications and other risks and opportunities due to climate change	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.3 Climate change: risk and opportunity management	11.2.2	
302-1	Energy consumption within the organization	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.1 Energy consumption	11.1.2	
302-2	Energy consumption outside the organization	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.1 Energy consumption	11.1.3	
302-3	Energy intensity	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.1 Energy consumption	11.1.4	
305-1	Direct (Scope 1) GHG emissions	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	11.1.5	
305-2	Indirect (Scope 2) GHG emissions	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	11.1.6	

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
305-3	Other indirect (Scope 3) GHG emissions	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	11.1.7	
305-4	GHG emissions intensity	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	11.1.8	
305-5	Reduction of GHG emissions	3.1 ADVANCING TOWARDS A NET ZERO WORLD 3.1.4 Key climate change metrics APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	11.2.3	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.5 Continuous control of our air emissions 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.6 Continuous control of our air emissions	11.3.2	
Safety				
3-3	Management of material topics - Safety	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE. Safety	11.9.1	
403-1	Occupational health and safety management system	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.2 Safety management: commitment and best practices APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11.9.2	
403-2	Hazard identification, risk assessment, and incident investigation	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.2 Safety management: commitment and best practices APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11.9.3	
403-3	Occupational health services	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.1 Creating a safety culture APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11.9.4	
403-4	Worker participation, consultation, and communication on occupational health and safety	3.3 READY FOR WORKPLACE CHANGE. 3.3.5 Social dialogue and labour relations	11.9.5	
403-5	Worker training on occupational health and safety	3.3 READY FOR WORKPLACE CHANGE 3.3.3 Learning culture	11.9.6	
403-6	Promotion of worker health	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.1 Creating a safety culture APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11.9.7	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11.9.8	
403-8	Workers covered by an occupational health and safety management system	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11.9.9	
403-9	Work-related injuries (no. of hours worked)	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE 3.4.1 Creating a safety culture APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11/09/2010	

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
403-10	Work-related ill health	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE	11/09/2011	
416-1	Assessment of the health and safety impacts of product and service categories	—	11.3.3	We assess the health and safety impacts of all of our significant product and service categories.
Management of water resources				
3-3	Management of material topics - Management of water resources	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.2 Responsible water consumption APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	11.6.1	
303-1	Interactions with water as a shared resource	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	11.6.2	
303-2	Management of water discharge-related impacts	3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	11.6.3	
303-3	Water withdrawal	3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	11.6.4	
303-4	Water discharge	3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	11.6.5	
303-5	Water consumption	3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	11.6.6	
Long-term business sustainability				
3-3	Management of material topics - Long-term business sustainability	1.1 TRANSFORMING OUR ENERGY BUSINESS 1.2 ACCELERATING VALUE CREATION ACROSS ALL OUR BUSINESSES 2.2 OUR SUSTAINABILITY MANAGEMENT APPENDIX 4. DETAILED INFORMATION ABOUT THE COMPANY'S KEY RISKS	—	
201-1	Direct economic value generated and distributed	APPENDIX 6. ADDITIONAL FINANCIAL INFORMATION 6.2 Value generated and distributed	11.14.2	
Diversity and equal opportunities				
3-3	Management of material topics - Diversity and equal opportunities	3.3 READY FOR WORKPLACE CHANGE 3.3.2 A diverse and inclusive workplace	11.11.1	
401-3	Parental leave	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace	11.10.4	
405-1	Diversity of governance bodies and employees	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview	11.11.5	
405-2	Ratio of basic salary and remuneration of women to men	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.3 A diverse and inclusive workplace	11.11.6	
406-1	Incidents of discrimination and corrective actions taken	—	11.11.7	There were no incidents of discrimination in 2022 or 2021. Therefore, no corrective actions needed to be taken.

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
Customer centricity				
3-3	Management of material topics - Customer centricity	1.3 OUR COMPANY 1.3.4 Sustainability, mobility and the customer experience	—	
416-1	Assessment of the health and safety impacts of product and service categories	—	11.3.3	We assess the health and safety impacts of all of our significant product and service categories.
Biodiversity				
3-3	Management of material topics - Biodiversity	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.3 Biodiversity protection; 3.2.5 Continuous control of our air emissions	11.3.1 11.4.1	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection	11.4.2	
304-2	Significant impacts of activities, products, and services on biodiversity	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection	11.4.3	
304-3	Habitats protected or restored	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection	11.4.4	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection	11.4.5	
Circular economy				
3-3	Management of material topics - Circular economy	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.4 Making the business more circular	11.5.1	
301-1	Materials used by weight or volume	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	—	
301-2	Recycled input materials used	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	—	
306-1	Waste generation and significant waste related impacts	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.4 Making the business more circular APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	11.5.2	
306-2	Management of significant waste-related impacts	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.2.4 Making the business more circular APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	11.5.3	
306-3	Waste generated	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	11.5.4	
306-3 (2016)	Significant spills	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	11.8.2	
306-4	Waste diverted from disposal	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	11.5.5	
306-5	Waste directed to disposal	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	11.5.6	

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
Human Rights				
3-3	Management of material topics - Human rights	3.3 READY FOR WORKPLACE CHANGE. 3.3.5 Social dialogue and labour relations	11.13.1	
		APPENDIX 3.6 READY FOR WORKPLACE CHANGE. 3.6.6 Social dialogue and labour relations	11.18.1	
			11.12.1	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—	11.13.2	None reported.
408-1	Operations and suppliers at significant risk for incidents of child labor	—	—	No operations or suppliers considered to be at significant risk for incidents of forced or compulsory labour or of child labour were uncovered during the routine assessment of risks of delivering the budget and business plan in 2022.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—	11.12.2	No operations or suppliers considered to be at significant risk for incidents of forced or compulsory labour or of child labour were uncovered during the routine assessment of risks of delivering the budget and business plan in 2022.
410-1	Security personnel trained in human rights policies or procedures	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.4 Human rights in security personnel	11.18.2	
411-1	Incidents of violations involving rights of indigenous peoples	—	11.17.2	None of our operations are located on sites of indigenous communities. There were no reports of incidents of violations involving rights of indigenous peoples. In line with our Community Management Plan, we accept and embrace, in all their actions, the Universal Declaration of Human Rights and the Conventions of the International Labour Organization (ILO). We also subscribe to the Organization for Economic Co-operation and Development (OECD) Guidelines, the United Nations Global Compact and the Code of Good Tax Practices issued by the Spanish Government.
Ethics and compliance				
3-3	Management of material topics - Ethics and compliance	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations	11.20.1	
205-1	Operations assessed for risks related to corruption	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations	11.20.2	
205-2	Communication and training about anti-corruption policies and procedures	APPENDIX 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.9.3 Anti-corruption effort	11.20.3	
205-3	Confirmed incidents of corruption and actions taken	—	11.20.4	No incidents of corruption arose in the company.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—	11.19.2	This year, the sanction for breach of the 2009 resolution of the Spanish National Markets and Competition Commission (CNMC) was confirmed, but the CNMC was required to recalculate the amount owing to an error in the based year used to calculate the sanction.

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
415-1	Political contributions	—	11.22.2	Cepsa's Code of Ethics and Conduct expressly prohibits any kind of donations or any financial or in-kind contributions to political parties, public entities and trade unions. The company has not made any public contributions.
Cybersecurity				
3-3	Management of material topics - Cybersecurity	1.3 OUR COMPANY 1.3.6. Innovation, digitalisation and cybersecurity	—	
Employee well-being				
3-3	Management of material topics - Employee well-being	3.3 READY FOR WORKPLACE CHANGE 3.3.1 Talent with purpose; 3.3.4 Remuneration: competitiveness and engagement; 3.3.5 Social dialogue and labour relations	—	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.3 READY FOR WORKPLACE CHANGE 3.3.4 Remuneration: competitiveness and engagement	11.10.3	
Good governance				
3-3	Management of material topics - Good governance	2. CORPORATE GOVERNANCE	—	
207-2	Tax governance, control, and risk management	2. GOOD GOVERNANCE 2.4 Risk management	11.21.5	
		3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.3 Fiscal transparency and responsibility		
		APPENDIX 4 DETAILED INFORMATION ABOUT RISKS		
405-1	Diversity of governance bodies and employees	3.3 READY FOR WORKPLACE CHANGE	11.11.5	
		APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview		
Social commitment				
3-3	Management of material topics - Social commitment	3.7 LOCAL COMMUNITY RELATIONS	11.14.1	
		3.8 POSITIVE IMPACT ON SOCIETY - CEPESA FOUNDATION	11.15.1	
			11.17.1	
202-2	Proportion of senior management hired from the local community	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.2 A diverse and inclusive workplace	11.11.2	
203-1	Infrastructure investments and services supported	APPENDIX 3.10 LOCAL COMMUNITY RELATIONS APPENDIX 3.11 POSITIVE IMPACT ON SOCIETY - CEPESA FOUNDATION	11.14.4	
203-2	Significant indirect economic impacts	3.7 LOCAL COMMUNITY RELATIONS	11.14.5	
		3.8 POSITIVE IMPACT ON SOCIETY - CEPESA FOUNDATION		
413-1	Operations with local community engagement, impact assessments, and development programs	3.7 LOCAL COMMUNITY RELATIONS	11.15.2	
413-2	Operations with significant actual and potential negative impacts on local communities	APPENDIX 3.10 LOCAL COMMUNITY RELATIONS	11.15.3	

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
Tax transparency				
3-3	Management of material topics - Tax transparency	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.3 Fiscal transparency and responsibility	11.21.1	
201-4	Financial assistance received from government	—	11.21.3	Financial assistance received from government in 2022 and 2021 amounted to €11.3 million and €25.3 million, respectively.
207-1	Approach to tax	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.3 Fiscal transparency and responsibility APPENDIX 7. Country-by-country reporting of taxes	11.21.4	
207-3	Stakeholder engagement and management of concerns related to tax	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.3 Fiscal transparency and responsibility	11.21.6	
207-4	Country-by-country reporting	APPENDIX 7. Country-by-country reporting of taxes	11.21.7	
Innovation, technology and digitalisation				
3-3	Management of material topics - Innovation, technology and digitalisation	1.3 OUR COMPANY 1.3.6. Innovation, digitalisation and cybersecurity	—	
Sustainable supply chain				
3-3	Management of material topics - Sustainable supply chain	3.5 FACILITATING A SUSTAINABLE SUPPLY CHAIN	—	
204-1	Proportion of spending on local suppliers	3.5 FACILITATING A SUSTAINABLE SUPPLY CHAIN 3.5.2 Our supply chain APPENDIX 3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN 3.8.1 Description of the supply chain	11.14.6	
308-1	New suppliers that were screened using environmental criteria	APPENDIX 3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN	—	
414-1	New suppliers that were screened using social criteria	APPENDIX 3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN 3.8.2 Supplier relations	11.10.8	
414-2	Negative social impacts in the supply chain and actions taken	3.5 FACILITATING A SUSTAINABLE SUPPLY CHAIN APPENDIX 3.8 FACILITATING A SUSTAINABLE SUPPLY CHAIN 3.8.2 Supplier relations	11.10.9	
Stakeholder engagement				
3-3	Management of material topics - Stakeholder engagement	2.5 PROACTIVE STAKEHOLDER ENGAGEMENT	11.22.1	
413-1	Operations with local community engagement, impact assessments, and development programs	3.7 LOCAL COMMUNITY RELATIONS	11.15.2	
Talent management				
3-3	Management of material topics - Talent management	3.3 READY FOR WORKPLACE CHANGE 3.3.1 Talent with purpose	11.10.1	
401-1	New employee hires and employee turnover	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview	11.10.2	
402-1	Minimum notice periods regarding operational changes	3.3 READY FOR WORKPLACE CHANGE 3.3.5 Social dialogue and labour relations	11.10.5	

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
404-1	Average hours of training per year per employee	APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.4 Learning culture	11.10.6	
404-2	Programs for employee upskilling and transition assistance programs	3.3 READY FOR WORKPLACE CHANGE APPENDIX 3.6 CREATING A WORKPLACE READY FOR CHANGE 3.6.1 Workforce overview 3.6.4 Learning culture	11.10.7	

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Indicator	Description	Associated GRI indicator	Section	Explanatory notes
EM-EP-110a.1 EM-RM-110a.1 RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	305-1 (partial) 201-2	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	
EM-EP-110a.2	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	11.1.5 (partial)	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	
EM-EP-110a.3 EM-RM-110a.2 RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	201-2 305-5	3. DRIVING POSITIVE IMPACT 3.1 ADVANCING TOWARDS A NET ZERO WORLD	
RT-CH-130a.1	1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	302-1 (partial)	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.1 Energy consumption	
EM-RM-410a.1	Percentage of Renewable Volume Obligation (RVO) met through: (1) production of renewable fuels, (2) purchase of "separated" renewable identification numbers (RIN)	302-5	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.3 Renewable energy	
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	305-1 305-2	APPENDIX 3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.4.2 GHG emissions	
EM-EP-120a.1 EM-RM-120a.1 RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	305-7	APPENDIX 3.2.3.4 ADVANCING TOWARDS A NET ZERO WORLD 3.2.6 Continuous control of our air emissions	
EM-RM-120a.2	Number of refineries in or near areas of dense population.	—	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection	
EM-EP-140a.1 RT-CH-140a.1 EM-RM-140a.1	(1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress	303-3 303-5	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	
EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	11.6.5 (partial)	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	
EM-RM-140a.2 RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	2-27 (partial)	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	303-1 (partial)	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.3 Responsible water consumption	
EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	—	—	Cepsa does not employ hydraulic fracturing techniques.

Indicator	Description	Associated GRI indicator	Section	Explanatory notes
EM-EP-140a.4	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	—	—	Cepsa does not employ hydraulic fracturing techniques.
EM-RM-150a.1 RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	306-2	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.5 Making the business more circular	
EM-EP-160a.1	Description of environmental management policies and practices for active sites	3-3 Management of material topics - Climate change and energy transition; water resources; circular economy; biodiversity	3.2 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT	
EM-EP-160a.2	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	306-3	—	There were no spills or discharges in the Arctic or shoreline in the 2018-2020 period.
EM-EP-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	304-1 (partial)	APPENDIX 3.5 MOVING FORWARD ON MINIMISING OUR ENVIRONMENTAL IMPACT 3.5.4 Biodiversity protection	
EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	11.17.3 (partial)	—	In 2021 and 2022, 0% of proved and probable reserves were in or near areas of conflict.
EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	11.17.3 (partial)	—	In 2021 and 2022, 0.2% of proved reserves and 0.1% of probable reserves were in or near areas of indigenous land.
RT-CH-210a.1 EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	203-1 (partial), 413-1 (partial)	3.7 LOCAL COMMUNITY RELATIONS	
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Management of material topics - Human rights	3.6 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.2 Human rights	
EM-EP-210b.2	Number and duration of non-technical delays	—	—	There were no non-technical delays in 2022. In 2021, there was a non-technical delay that lasted 45 days.
EM-EP-320a.1 EM-RM-320a.1 RT-CH-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	403-5 403-9	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.1 Work-related injuries	Additionally: Average employee safety training was 10 hours per employee in 2022 and nine hours per employee in 2021.
EM-RM-320a.2	Discussion of management systems used to integrate a culture of safety	403-1	3.4 BECOMING A ZERO-ACCIDENT WORKPLACE	
RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	302-5	APPENDIX 6. ADDITIONAL FINANCIAL INFORMATION 6.3 Additional activity metrics	
RT-CH-410b.1.	1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	—	—	According to the Chemical Safety Assessment and Reporting (CHESAR) tool, 90% of products from the Chemicals business in 2022 and 2021 contained health and environmental hazardous substances. All of these products underwent a risk assessment.

Indicator	Description	Associated GRI indicator	Section	Explanatory notes
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	—	—	The Chemical Safety Assessment and Reporting (CHESAR) tool is used for this discussion.
RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	—	—	We do not have any products that contain genetically modified organisms.
EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	11.2.2 (partial)	—	Revenue generated by renewable energy sales for the Company as a whole amounted to €8,483 thousand.
EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	3-3 (partial)	—	No proved or probable reserves were in these countries in 2021 and 2022.
EM-EP-510a.2	EM-EP-510a.2. Description of the management system for prevention of corruption and bribery throughout the value chain	3-3 (partial)	3. DRIVING POSITIVE IMPACT 3.9 BEHAVING ETHICALLY AND RESPECTFULLY 3.6.1 Ethics in our day-to-day operations	
EM-RM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation	—	—	There were no monetary losses as a result of this type of legal proceedings in 2021 and 2022.
EM-EP-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	—	3. DRIVING POSITIVE IMPACT 3.1 ADVANCING TOWARDS A NET ZERO WORLD	
EM-RM-530a.1				
RT-CH-530a.1				
EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	—	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.2 Process incidents	
EM-RM-540a.1				
RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	—	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.2 Process incidents	
EM-RM-540a.2	Challenges to Safety Systems indicator rate (Tier 3)	—	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.2 Process incidents	
RT-CH-540a.2	Operational safety, emergency preparedness and response	—	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.2 Process incidents	
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	403-2	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.1 Work-related injuries	
EM-RM-540a.3	Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	—	APPENDIX 3.7 BECOMING A ZERO-ACCIDENT WORKPLACE 3.7.2 Process incidents	
EM-RM-000A	The total volume of crude oil and other feedstocks processed in the refinery system during the reporting period	—	4. FINANCIAL AND BUSINESS PERFORMANCE 4.2 Key financial and business indicators	
EM-EP-000A	Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	—	4. FINANCIAL AND BUSINESS PERFORMANCE 4.2 Key financial and business indicators	
RT-CH-000A	Production by reportable segment	—	APPENDIX 6. ADDITIONAL FINANCIAL INFORMATION 6.3 Additional activity metrics	
EM-RM-000B	Refining operating capacity	—	—	491 kbb/d

Indicator	Description	Associated GRI indicator	Section	Explanatory notes
EM-EP-000B	Number of offshore sites	—		2 offshore sites, understood by location of the various blocks meaning the different operated and non-operated blocks where the Company has a presence.
EM-EP-000C	Number of terrestrial sites	—		8 terrestrial sites, understood by location of the various blocks meaning the different operated and non-operated blocks where the Company has a presence.



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

Consolidated Financial Statements and Integrated Management Report – 2022 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 Notes to the Financial Statements), along with the Integrated Management Report of Compañía Española de Petróleos, S.A. and Subsidiaries (CEPSA Group) for 2022 and drafted and approved by the Board of Directors of Compañía Española de Petróleos, S.A. at its meeting held on 2 March 2023, 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, 2 March 2023

A handwritten signature in blue ink, consisting of a large, stylized 'C' followed by a series of loops and a final upward stroke.

Carmen Angela de Pablo Redondo
Chief Financial Officer

COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES (CEPSA GROUP)

Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2022

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, 2022, contained in this document, have been adopted and issued by the Board of Directors of Compañía Española de Petróleos, S.A. (CEPSA) at its meeting held on March 2, 2023 in compliance with Article 253 of the Spanish Companies Act in force.

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 2, 2023



Mr. Ahmed Yahia
Chairman



Mr. Martialis Quirinus Henricus van Poecke
Vice Chairman



Mr. Maarten Wetselaar
Managing Director



Mr. Gregory Mark Nikodem
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. Jacob Schram
Director



Mr. Jörg Christian Häring
Corporate Secretary (Non-Director)



Mr. José Aurelio Téllez Menchén
Corporate Deputy Secretary (Non-Director)

Compañía Española de Petróleos, S.A. and Subsidiaries

Independent limited assurance report
on the consolidated non-financial
information statement of Compañía
Española de Petróleos, S.A. and
subsidiaries for 2022

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES FOR 2022

To the Shareholders of Compañía Española de Petróleos, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2022 of Compañía Española de Petróleos, S.A. and subsidiaries ("the Group"), which forms part of the accompanying Consolidated Directors' Report of the Group.

The content of the Consolidated Directors' Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "Spanish Law 11/2018 and GRI Cross-Reference Table" in the accompanying Consolidated Directors' Report.

Responsibilities of the Directors

The preparation and content of the NFIS included in the Group's Consolidated Directors' Report are the responsibility of the Board of Directors of Compañía Española de Petróleos, S.A. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in the "Spanish Law 11/2018 and GRI Cross-Reference Table" of the aforementioned Consolidated Directors' Report.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether 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 information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including the standards on independence), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies international standards on quality in force and, accordingly, maintains a system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance provided is substantially lower.

Our work consisted of making inquiries of management and the various units of Compañía Española de Petróleos, S.A. that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2022 NFIS based on the materiality analysis performed by the Group and described in the “Appendix 2. Materiality” section, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2022 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2022 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2022 NFIS, and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the Directors and management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the Group’s NFIS for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the “Spanish Law 11/2018 and GRI Cross-Reference Table” of the aforementioned Consolidated Directors’ Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose information on how and to what extent the activities of certain companies, mainly public interest entities, are associated with aligned economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2022, in addition to the information referring to eligible activities required in 2021. Although, as established in “Appendix 1. About this Report” and in “Appendix 3.1. EU Taxonomy”, the Group is not subject to this Regulation it has decided to present the information required by the Regulation for 2022 on a voluntary basis. As a result, the accompanying NFIS does not include comparative information in relation to eligibility and alignment.

In addition, it should be noted that the directors of Compañía Española de Petróleos, S.A. have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in "Appendix 3.1. EU Taxonomy" in the accompanying NFIS. Our conclusion is not modified in respect of this matter.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.



Javier Medrano Domínguez

2 March 2023

Compañía Española de Petróleos, S.A and Subsidiaries

Independent report on the system
of internal control over financial
reporting (ICFR) for the year ended
31 December 2022

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

INDEPENDENT REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES FOR 2022

To the Directors of Compañía Española de Petróleos, S.A.,

Scope of the Engagement

We have reviewed the information relating to the System of Internal Control over Financial Reporting (ICFR) of Compañía Española de Petróleos, S.A. and Subsidiaries ("the Group") contained in the accompanying Directors' Report for the year ended 31 December 2022.

The objective of this system is to contribute to the transactions performed being presented fairly and to provide reasonable assurance in relation to the prevention or detection of any errors that might have a material effect on the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Board 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 authorisations established; (iii) provide reasonable assurance that transactions are recognised 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 unauthorised 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.

Responsibilities of the Directors

The Board of Directors of Compañía Española de Petróleos, S.A. is responsible for maintaining the system of internal control over the financial information included in the consolidated financial statements and for evaluating its effectiveness.

Our Responsibility

Our responsibility is to issue an independent reasonable assurance review 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 Group's consolidated financial statements as at 31 December 2022, 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 performed our work in accordance with the requirements established in Standard ISAE 3000 "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) for the issuance of reasonable assurance reports.

That standard requires the planning and performance of procedures and the obtainment of sufficient evidence to reduce the engagement risk to an acceptably low level in accordance with the circumstances thereof, and the issuance of a positive conclusion.

Independence

We conducted our work in accordance with the independence standards required by the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control (ISQC) 1, Deloitte has in place 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 31 December 2022, the Group maintained, in all material respects, an effective System of Internal Control over the Financial Information 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 accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

DELOITTE, S.L.



Javier Medrano Domínguez

2 March 2023



CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS
FOR THE YEAR ENDED DECEMBER 31ST, **2022**
(ONLY FOR E&P BUSINESS)

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INTRODUCTION

Spanish¹ and European² regulations require that large undertakings and public interest entities which are active in the extractive industry prepare and publish an annual report on payments made to the Governments as a result of their operations.

Compañía Española de Petróleos, S.A. (Cepsa) has prepared the following "Consolidated Report on Payments to Governments", pursuant to the requirements set out in said regulations.

Social and economic contributions

Cepsa strives to make a positive and lasting social and economic impact on the countries where it operates not only through payments to governments, as detailed in this Report; on a broader scale, the Company engages with local communities on numerous levels, promoting economic growth and social progress by creating direct and indirect jobs through the hiring of local employees and contractors; purchasing goods and services from local suppliers; and investing in programs and initiatives that help meet the needs and improve the quality of life of the citizens of these communities, in a manner that upholds the Company's commitment to excellence in environmental protection and sustainable development.

Cepsa seeks to create sustained economic value by means of the revenues generated from its operations and to distribute it in an equitable manner to its different stakeholder groups, including suppliers (through procurement spending), community members and organizations (through community investments), employees (through salaries) and governments (through the payment of taxes).

Cepsa's Integrated Management Report, available on its corporate website at www.cepsa.com, provides more detailed information on the range of socioeconomic contributions that the Company makes to its host communities and countries around the world.

Transparency

Transparency is one of the fundamental ethical principles and cornerstones underlying Cepsa's business conduct, as articulated in its [Code of Ethics and Conduct](#), where the Company has expressed its unwavering commitment to providing its stakeholders with relevant, truthful, reliable, straightforward and complete information on its activities, policies and management.

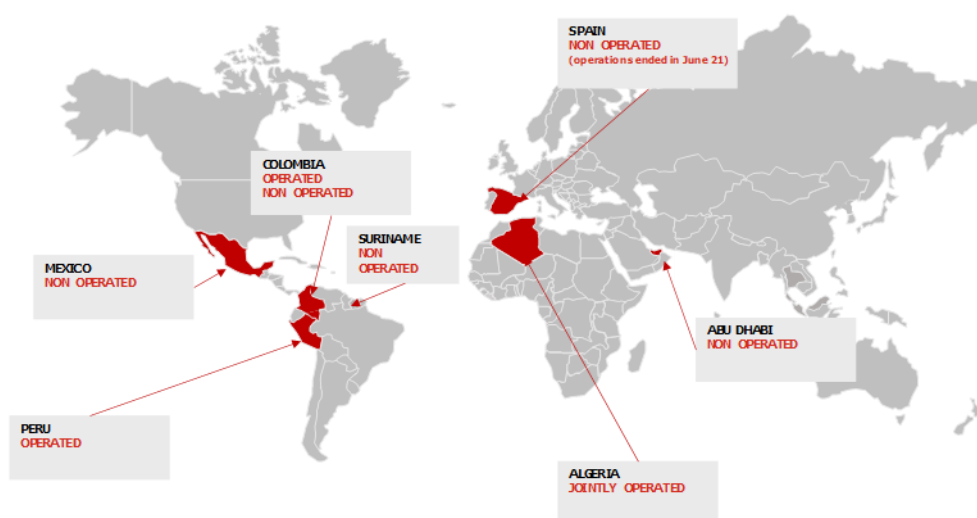
In fulfillment of this principle, Cepsa has consistently supported full transparency in its business dealings, including the disclosure of payments to governments, as a means of building trust with the communities where the Company operates.

¹ Tenth Additional Provision of Law 22/2015, of July 20, on Audit of Accounts.

² Chapter 10 of Directive 2013/34 / EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

COUNTRIES WHERE CEPSA CONDUCTS UPSTREAM OIL & GAS ACTIVITIES

E&P - Portfolio



BASIS OF PREPARATION

Under the relevant regulation, Cepsa, as an undertaking in the extractive industry, is required to prepare and publish an annual report of payments to governments. Companies in the extractive industry are defined as those with any activity involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials.

This report includes information on payments made to governments for the year ended December 31st, 2022, by Cepsa and any of its subsidiaries that carry out any of the activities within the scope of the disclosure requirement.

Activities subject to disclosure

As stated above, the disclosure requirement is applicable to activities involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials.

This requirement is not applicable to payments to governments arising out of other activities undertaken by the Company and that are outside the scope of the regulation (Trading, Refining, etc.).

If a single payment is related to different activities, some of which fall within the scope of the reporting requirement while others do not, only the amount related to activities subject to disclosure must be reported. If these differences cannot be disaggregated, the Company should report the entire payment.

The report must include the total amount of payments made, in money or in kind, for activities subject to the reporting requirement.

Where payments in kind are made to a government, they shall be reported in value and, where applicable, in volume, providing explanatory notes on the criteria used for determining their value.

Cash basis

Payments shall be reported on a cash basis, meaning that they are reported for the period in which they are paid either in cash or kind, and not in the period during which the liability or payment obligation arises. These same criteria shall apply when reporting payments received as refunds, which shall be shown as negative amounts in the Report.

Government

Government is understood to mean any national, regional or local authority of a country, including departments, agencies or undertakings controlled by that authority.

Content of the report

The report shall disclose the total amount of payments made to governments of each state for activities subject to the reporting requirement, broken down by type of payment, whether in money or in kind.

Where payments have been attributed to a specific project, the total amount attributable to each such project, broken down by type of payment, shall be provided.

Definition of projects

Operating activities governed by a single contract, license, lease, concession, or similar legal agreement, and that represent the basis for payment liabilities to a government, shall be considered part of a single project. To determine the level of interconnection between these activities, factors such as the shared use of infrastructures, their centralized management, or the existence of a common source of revenue shall be taken into consideration.

If several legal agreements as described above are substantially interconnected, they shall be regarded as a single project.

The number of projects in each country will depend on the number of existing contracts and not on the total volume of the operations undertaken in each of them. The report shall provide a detailed disclosure only of those projects in which payments made to governments exceed the required reporting threshold (see following section).

In *Joint Ventures* operated by CEPSA, government payments shall be reported in full, regardless of whether a proportion of such payments was subsequently reimbursed by minority partners.

In *Joint Ventures* not operated by CEPSA, payments made by the operator on behalf of the Company in fulfillment of contractual terms shall not be reported by CEPSA. In such cases, the operator is required to disclose the payments.

The same criteria used for "Non-Operated Joint ventures" will be applied to "Jointly-Operated Ventures".

Payments made by the Company for obligations imposed at the entity level may be disclosed at the entity level rather than at the project level.

Materiality threshold

Any payment by project (single payment or series of related payments) that exceeds €100,000 during the respective fiscal year is reportable.

Reporting currency

Payments included in this report are expressed in thousands of euros. Payments made in other currencies shall be translated to euros at the annual average exchange rate for the \$/€ (average exchange rate is 1,0530 /€ in 2022).

Payments in kind are to be reported based on their value and, where applicable, volume. Where reported in value, supporting notes should be provided describing how such value was determined.

Types of payments

Production entitlements

Under the terms and conditions of Production-Sharing Contracts ("PSCs"), host governments are entitled to a share of the oil and gas produced. The amounts paid in this respect shall be disclosed in this report only when Cepsa is the operator of the license. If Cepsa is not the operator, then under the terms of the project, this obligation will be satisfied by the operator.

Taxes

This category includes taxes levied on income, production or profits. Taxes levied on consumption such as value added taxes, personal income taxes or sales taxes are not included.

In the case of taxes levied on PSCs that are paid in barrels, both the amount in barrels and the price used shall be disclosed.

Whenever Cepsa is not the operator of a PSC, only the taxes of companies for which Cepsa is liable shall be reported.

License/concession fees

These include license fees, rental fees, entry fees and other considerations for licenses and/or concessions.

Such fees should be applied directly to Cepsa and not to the Joint Operating Agreement (JOA). In the event that they are applied to the JOA, it is the responsibility of the operator to report such amounts.

This caption does not include fees paid to governments for administrative services under contracts other than concessions.

Royalties

Payments to governments for the right to extract oil and gas resources, normally set at a percentage of revenues. Such payments can be made in respect of production or in monetary terms.

In-kind payments shall be reported at their monetary value, with an explanatory note stating the corresponding amount in barrels.

Signature, discovery, and production Bonuses

These are participation fees paid upon signature of contracts, or when a discovery, a declaration of commerciality, first production or any relevant target is achieved.

Infrastructure improvements

This caption includes payments made to improve infrastructures (access roads, bridges, railways, etc.), excluding those made under Cepsa's Corporate Social Responsibility program, such as hospitals, schools, etc.

Likewise excluded are improvements to infrastructures to be used strictly for E&P activities and that do not serve the local community.

Dividends

These are understood to be dividends paid to governments. Cepsa currently has no reportable payments under this category.

PAYMENTS OVERVIEW

(Thousand Euros)

Country	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Abu Dhabi	0,0	637.789,7	301.498,3	962,0	0,0	0,0	940.250,1
Algeria	0,0	220.227,9	21.843,4	17.216,9	0,0	0,0	259.288,2
Colombia	0,0	6.805,0	21.572,0	152,1	0,0	245,2	28.774,3
Peru	0,0	3.291,4	9.271,6	76,0	0,0	115,6	12.754,5
TOTAL	0,0	868.114,1	354.185,3	18.407,0	0,0	360,8	1.241.067,2

PAYMENTS BY COUNTRY

ABU DHABI

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Supreme Petroleum Council	0,0	637.789,7	301.498,3	0,0	0,0	0,0	939.288,1
Adnoc	0,0	0,0	0,0	962,0	0,0	0,0	962,0
TOTAL	0,0	637.789,7	301.498,3	962,0	0,0	0,0	940.250,1

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Umm Lulu, SARB, Bin Nasher and Al Battel	0,0	637.789,7	301.498,3	962,0	0,0	0,0	940.250,1
TOTAL	0,0	637.789,7	301.498,3	962,0	0,0	0,0	940.250,1

ALGERIA

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Tax Authority	0,0	220.227,9	21.843,4	0,0	0,0	0,0	242.071,3
Sonatrach	0,0	0,0	0,0	17.216,9	0,0	0,0	17.216,9
TOTAL	0,0	220.227,9	21.843,4	17.216,9	0,0	0,0	259.288,2

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
OURHOUD	0,0	110.830,7	0,0	0,0	0,0	0,0	110.830,7
RKF Concession	0,0	103.755,6	16.123,0	17.216,9	0,0	0,0	137.095,5
Timimoun	0,0	5.641,6	5.720,4	0,0	0,0	0,0	11.362,0
TOTAL	0,0	220.227,9	21.843,4	17.216,9	0,0	0,0	259.288,2

Taxes payments in kind amounting to 1.150.156 barrels valued at 103,59 \$/bbl per barrel.

COLOMBIA

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Hacienda Publica Colombiana	0,0	6.805,0	0,0	0,0	0,0	0,0	6.805,0
Agencia Nacional de Hidrocarburos	0,0	0,0	42,3	152,1	0,0	0,0	194,4
Local Communities	0,0	0,0	0,0	0,0	0,0	245,2	245,2
Regalias No Monetizadas	0,0	0,0	21.529,7	0,0	0,0	0,0	21.529,7
TOTAL	0,0	6.805,0	21.572,0	152,1	0,0	245,2	28.774,3

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Propios 100%	0,0	6.805,0	42,3	117,5	0,0	160,4	7.125,2
Caracara	0,0	0,0	20.196,1	0,0	0,0	84,8	20.281,0
Llanos 22	0,0	0,0	1.040,6	34,6	0,0	0,0	1.075,2
LCN	0,0	0,0	293,0	0,0	0,0	0,0	293,0
TOTAL	0,0	6.805,0	21.572,0	152,1	0,0	245,2	28.774,3

Taxes payments in kind amounting to 242.537 barrels valued at \$93,5 per barrel.

PERU

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Ecopetrol	0,0	3.291,4	0,0	0,0	0,0	0,0	3.291,4
Revenue Department	0,0	0,0	9.271,6	76,0	0,0	0,0	9.347,5
Local Communities	0,0	0,0	0,0	0,0	0,0	115,6	115,6
TOTAL	0,0	3.291,4	9.271,6	76,0	0,0	115,6	12.754,5

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Block 131	0,0	3.291,4	9.271,6	76,0	0,0	115,6	12.754,5
TOTAL	0,0	3.291,4	9.271,6	76,0	0,0	115,6	12.754,5