Compañía Española de Petróleos, S.A. and Subsidiaries

Consolidated financial statements for the year ended 31 December 2023 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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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.

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 2023, 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 2023, 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 recoverability of the carrying amount of intangible assets and property plant and equipment considering the impacts of the energy transition and climate change	
Description	**Procedures applied in the audit**
As described in Notes 8 and 9 to the accompanying consolidated financial statements, at 31 December 2023 the Group had recognised intangible assets and property, plant and equipment with a carrying amount of EUR 706 million and EUR 4,205 million, respectively. Those assets are allocated to the cash-generating units, as indicated in Note 13 to the accompanying consolidated financial statements. In 2022 Cepsa approved the Group's 2030 "Positive Motion" strategy, which includes its decarbonisation targets and the ambition to reach Net Zero by 2050, being aligned with the 1.5ºC benchmark climate change scenarios of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) (see Note 28). In 2023, as indicated in Notes 5 and 35 to the accompanying consolidated financial statements, in the Exploration and Production segment, the Group completed the divestment of 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"). Also, the Group reclassified as held for sale Exploration and Production assets and liabilities in Latin America at 2023 year-end amounting to EUR 114 million and EUR 49 million, respectively, since the processes for their sale had been initiated and, for certain assets and liabilities, certain conditions precedent and local authority approvals had not yet been fulfilled and obtained, respectively, at the reporting date.	The audit procedures performed by us in connection with this significant matter focused on, among others, the following areas: • The obtainment of an understanding of the Group's asset impairment assessment processes and the review of relevant internal controls, addressing specifically the risks relating to the energy transition and climate change. • The evaluation and questioning of the assumptions and main estimates used by management in relation to the impairment calculations and criteria. The verification of the key judgements in the business plans of the main cash-generating units using internal and external evidence, budgets and capital allocation decisions, the reading of minutes of meetings, the review of licencing documentation and evidence of negotiations with partners in Exploration and Production assets to renew licences or modify key terms and conditions. • The evaluation of whether the impairment tests carried out by management were consistent with elements of the "Positive Motion" strategy and, in particular, with Cepsa's commitments to reach Net Zero by 2050 and the 2030 objective of reducing Scope 1 and 2 carbon emissions at the operational level by 55%.

Assessment of the recoverability of the carrying amount of intangible assets and property plant and equipment considering the impacts of the energy transition and climate change	
Description	**Procedures applied in the audit**
In this context, at least once a year, management performs an impairment test on each of the cash-generating units in these segments. 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 2022 year-end to adapt them to the new scenario with a view to performing the impairment calculations. 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 assets of the various cash-generating units. In addition, management performs a sensitivity analysis of those 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 various segments for the amounts indicated in Note 13.3.	In connection with internal control, we reviewed the design and implementation of the relevant controls established by the Group for estimating the impairment tests, 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. Also, we performed the following substantive procedures in order to evaluate the assumptions and principal estimates used in the impairment 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. • Refining margin and fossil fuel demand; we compared the projections used by the Group together with information published by the International Energy Agency, competitors in the energy sector, investment banks, specialised analysts and internal sources involving our energy experts. • Reserves and production profiles: we evaluated the methods and policies used to estimate the 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.

Assessment of the recoverability of the carrying amount of intangible assets and property plant and equipment considering the impacts of the energy transition and climate change	
Description	**Procedures applied in the audit**
As a result of all the foregoing, we determined the aforementioned estimation and valuation processes to constitute a significant matter in our audit as they involve significant judgements and estimates made by Management, particularly in the Exploration and Production, Energy Solutions and Chemicals businesses, since significant future changes in the assumptions used affected by the consideration of the impacts of the energy transition and climate change could have a potential significant impact on the Group's consolidated financial statements.	In addition, we obtained the auditor's report of reserves issued by an independent expert in the oil and gas industry on the preceding year's reserves and the report prepared on 2023 reserves prepared by internal Group 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. • 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. • Method used to calculate asset impairment; 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, and evaluated the sensitivity analyses of the principal assumptions used in the impairment tests. 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.

Assessment of the recoverability of the carrying amount of intangible assets and property plant and equipment considering the impacts of the energy transition and climate change	
Description	Procedures applied in the audit
	In relation to how Cepsa took into account in the impairment tests the impacts derived from the energy transition, climate change and the decarbonisation of the economy, we obtained an understanding of Cepsa's carbon emission reduction commitments and of the economic impacts in the three climate scenarios that it uses in its climate ambition for 2030, 2040 and 2050 within its strategy and analysed how these scenarios are included in the strategic plans of the businesses. Also, in relation to the potential sale of the assets and liabilities in Latin America, 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.

Assessment of recoverability of the carrying amount of deferred tax assets	
Description	**Procedures applied in the audit**
As indicated in Note 26.3 to the consolidated financial statements, the consolidated balance sheet as at 31 December 2023 includes deferred tax assets amounting to EUR 1,537 million, of which EUR 969 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. 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.	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 tests on intangible assets and property, plant and equipment. 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 2023, 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 2023 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. 22892

7 March 2024

Appendix I to our auditor's 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 31 December 2023

Contents

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

Consolidated Balance Sheet at 31 December 2023 and 2022

€ Millions

Assets	Notes	2023	2022 (1)
Non current assets			
Intangible assets, net	8	706	658
Consolidated goodwill, net	9	108	107
Property, plant and equipment, net	10	4,205	4,183
Right of use, net	11	662	667
Investments in equity accounted investees	7.1	266	305
Non-current financial assets	12	84	165
Deferred tax assets	26.3	1,537	1,490
Total non-current assets		*7,568*	*7,575*
Current assets			
Inventories	14	2,238	4,076
Trade and other receivables	12, 15	2,526	2,588
Other current assets	15	165	367
Other current financial assets	12	107	193
Cash and cash equivalents	16	659	476
Assets held for sale and discontinued operations	5.2	114	1,757
Total current assets		*5,809*	*9,457*
Total assets		***13,377***	***17,032***

(The accompanying Notes 1 to 35 are an integral part of this Consolidated Balance Sheet)
(1) The Balance Sheet at 2022 has been reformulated pursuing IAS 12 (see Note 2.2)

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

Consolidated Balance Sheet at 31 December 2023 and 2022

€ Millions

Shareholders' Equity and Liabilities	Notes	2023	2022 (1)
Equity			
Share capital	17.1	268	268
Share premium	17.1	352	352
Revaluation reserve	17.2	91	91
Retained earnings	17.3	3,009	2,745
Consolidated profit attributable to equity holders of the parent		(233)	1,100
Adjustments for changes in value	17.4	39	150
Total equity attributable to shareholders of the parent		3,526	4,706
Non-controlling interest	17.7	61	126
Total equity		*3,587*	*4,832*
Non-current liabilities			
Deferred tax liabilities	26.3	611	618
Capital grants	19	32	11
Employee defined benefit liabilities	21	91	81
Provisions	21	297	327
Non-current financial liabilities	18	2,735	2,678
Leases liabilities, non-current	18, 24	528	532
Other non-current liabilities	18, 22	146	286
Total non-current liabilities		*4,440*	*4,533*
Current liabilities			
Leases liabilites, current	18, 24	162	162
Current financial liabilities	18, 24	215	554
Trade payables	18, 22	3,724	3,828
Other current liabilities	18, 22	1,200	2,467
Liabilities held for sale and discontinued operations	5.2	49	656
Total current liabilities		*5,350*	*7,667*
Total equity and liabilities		***13,377***	***17,032***

(The accompanying Notes 1 to 35 are an integral part of this Consolidated Balance Sheet)
(1) The Balance Sheet at 2022 has been reformulated pursuing IAS 12 (see Note 2.2)

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

Consolidated Income Statement at 31 December 2023 and 2022

€ Millions

	Notes	2023	2022
Sales of goods and rendering of services	6, 23	23,033	31,202
Excise tax on oil and gas charged on sales	23	2,126	2,244
Revenue from contracts with customers	23	*25,159*	*33,446*
Changes in inventories of finished goods and work in progress		(320)	459
In-house work on non-current assets	8, 10	53	34
Procurements	23	(19,285)	(25,332)
Other operating income		95	91
Staff costs	23	(833)	(836)
Changes in operating allowances		56	(123)
Operating costs:			
Excise tax on oil and gas		(2,127)	(2,246)
Other operating expenses	23	(2,462)	(2,485)
Net Result from Economic Hedging		80	30
Amortization charge	8, 10, 11	(711)	(842)
Allocation to profit or loss of grants related to non-finance assets and other	19, 23	240	265
Impairment and gains or losses on disposals of non-current assets	23	(33)	(43)
Operating Profit		*(88)*	*2,418*
Share of results of equity accounted investees	7.1	12	98
Finance income	25	452	405
Finance costs	25	(547)	(578)
Impairment and gains or losses on disposals of financial instruments	25	73	46
Consolidated profit before tax		*(98)*	*2,389*
Income tax	26.1	(169)	(1,257)
Consolidated profit for the year from continuing operations		*(267)*	*1,132*
Consolidated profit for the year		*(267)*	*1,132*
Non-controlling interests	17.7	34	(32)
Consolidated profit attributable to equity holders of the parent		***(233)***	***1,100***
Earnings (loss) per share:			
Basic	27	(0.43)	2.05
Diluted		(0.43)	2.05

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

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

Consolidated Statement of Comprehensive Income at 31 December 2023 and 2022

			€ Millions
	Notes	2023	2022
Consolidated profit for the year		(267)	1,132
Items to be reclassified to profit or loss:			
Gains and (losses) arising during the year		(379)	(244)
Net changes in cost of hedging	17.4.B	15	1
Net (losses) gains on cash flow hedges	17.4.B	(67)	(298)
Net (losses) gains on net investment hedge	17.4.B	44	(144)
Exchange gains (losses) on translation of foreign operations		(373)	87
Tax effect	26.1	2	110
Reclassification during the year to statement of profit/loss		267	259
Net (losses) gains on hedge costs	17.4.B	14	2
Net (losses) gains on cash flow hedges	17.4.B	85	321
Net (losses) gains on net investment hedge	17.4.B	257	22
Tax effect	26.1	(89)	(86)
Other comprehensive income/loss for the year net of tax		*(112)*	*15*
Total consolidated comprehensive income/loss		*(379)*	*1,147*
a) Attributable to equity holders of the Parent		(344)	1,100
b) Attributable to non-controlling interests		(35)	47

(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 above are eligible for reclassification in the Consolidated Income Statement.

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

Consolidated Statement of Changes in Equity at 31 December 2023 and 2022

€ Millions

	Equity attributable to equity holders of the parent								
	Share Capital	Share premium	Revaluation reserve	Retained earnings	Profit attributable to equity holders of the parent	Interim dividend	Adjustments for changes in value	Non-controlling interest	Total
Balance at 01.01.2022	*268*	*352*	*91*	*2,648*	*661*	*—*	*150*	*137*	*4,307*
Consolidated profit or loss for the period	—	—	—	661	(661)	—	—	—	—
Consolidated profit or loss for the period	—	—	—	—	1,100	—	—	32	1,132
Other comprehensive income for the period	—	—	—	—	—	—	—	15	15
Total consolidated comprehensive income	—	—	—	—	1,100	—	—	47	1,147
Changes due to transactions with shareholders									
- Dividend paid	—	—	—	(583)	—	—	—	(5)	(588)
Other changes in equity									
- Other variations	—	—	—	58	—	—	—	(2)	56
Total shareholder transactions	—	—	—	(564)	—	—	—	(58)	(622)
Balance at 12.31.2022	*268*	*352*	*91*	*2,745*	*1,100*	*—*	*150*	*126*	*4,832*
Balance at 01.01.2023	*268*	*352*	*91*	*2,745*	*1,100*	*—*	*150*	*126*	*4,832*
Consolidated profit or loss for the period	—	—	—	1,100	(1,100)	—	—	—	—
Consolidated profit or loss for the period	—	—	—	—	(233)	—	—	(34)	(267)
Other comprehensive income for the period	—	—	—	—	—	—	(111)	(1)	(112)
Total consolidated comprehensive income	—	—	—	—	(233)	—	(111)	(35)	(379)
Changes due to transactions with shareholders									
- Dividend paid	—	—	—	(850)	—	—	—	(30)	(880)
Other changes in equity									
- Other variations	—	—	—	14	—	—	—	—	14
Total shareholder transactions	—	—	—	(836)	—	—	—	(30)	(866)
Balance at 12.31.2023	*268*	*352*	*91*	*3,009*	*(233)*	*—*	*39*	*61*	*3,587*

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

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

Consolidated Statement of Cash Flows at 31 December 2023 and 2022

€ Millions

	2023	2022
Profit before tax from continuing operations	(98)	2,389
Depreciation and amortisation charge and impairment losses	726	834
Changes in provisions for contingencies and costs	230	266
Grants related to assets and other deferred income	(240)	(238)
Change in operating allowances	(57)	120
Finance income and costs	25	154
Share of results of equity accounted investees	(16)	(101)
Other changes	68	(112)
Cash flows generated from operating activities before changes in operating working capital	638	3,312
Changes in operating working capital	825	(338)
MtM Payments/Collections derived from camera	15	(29)
Dividends received	14	23
Income tax paid	(366)	(1,419)
Other cash flows used in operating activities	(337)	(1,425)
Total cash flows generated from operating activities (1)	*1,126*	*1,549*
Cash Flows used in investing activities		
Payments		
Intangible assets	(85)	(83)
Property, plant and equipment	(614)	(462)
Associates and other investments	(4)	—
Acquisition of subsidiary, net of cash acquired	—	(110)
Grants received	4	2
Total payments	(699)	(653)
Collections		
Property, plant and equipment	1,037	4
Finance assets	150	—
Total collections	1,187	3
Total cash flows used in investing activities (2)	*488*	*(650)*
Cash Flows from financing activities		
Dividends paid		
To equity holders of the parent	(850)	(583)
To non-controlling interests	(19)	(5)
Total dividends paid	(869)	(588)
Proceeds from borrowings	166	501
Repayment of borrowings	(409)	(725)
Interest paid	(142)	(121)
IFRS16 Debt payments	(177)	(159)
Total cash flows from bank borrowings	(562)	(504)
Total cash flows from financing activities (3)	*(1,431)*	*(1,092)*
Net increase (decrease) in cash and cash equivalents (1+2+3)	*183*	*(192)*
Effect of changes in foreign exchange rates	—	11
Cash and cash equivalents at beginning of the period	*476*	*657*
Cash and cash equivalents at the end of the period	*659*	*476*
Detail of changes of operating working capital		
Inventories	547	(773)
Trade and other receivables	294	(498)
Other current Finance assets	90	(12)
Trade and other payables	(106)	945
Total changes in operating working capital	*825*	*(338)*

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

Notes to the Financial Statements for the year-ended December 31, 2023

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 for an indefinite term on 26 September 1929, with its registered address at Paseo de la Castellana, 259 A, 28046 Madrid (Spain). It is registered in the Madrid Company Registry, Volume 588 of the Companies Book, Sheet 35, Page M-12689, and its Tax Identification Number is A-28003119.

CEPSA's shares were mainly held 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 subsidiaries (hereinafter referred to as the "CEPSA Group") form a diversified business Group which operates in the energy sector in Spain and abroad, and engages in business activities related to the exploration and extraction of crude oil and natural gas, the production distribution and marketing of petrochemical and energy products, asphalts and lubricants, gas distribution and electricity generation, as well as trading activities.

B) REGULATORY FRAMEWORK

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

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

Petroleum products

In the fuel sector, the fourth additional provision of Law 8/2015, of 21 May, establishes restrictions on the expansion of the network of service stations belonging to wholesale operators with a provincial market share of more than 30 per cent.

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

The LSH stipulates that the wholesale operator with the largest market share in the relevant mainland and island territories for the provision of this home delivery service is obliged to deliver LPG containers weighing between 8 and 20 kilograms to the homes of all applicants. In accordance with the Resolution of 14 June 2020 of the Directorate General of Energy Policy and Mines, the company "Atlas S.A., Combustibles y Lubricantes" (owned by CEPSA) is obliged to supply bottled liquefied petroleum gas to households in the cities of Ceuta and Melilla at regulated prices.

Royal Decree-Law 6/2022 of 29 March established an extraordinary and temporary discount of 20 eurocents per litre/kg on the price of certain energy products from 1 April 2022 to 30 June 2022, which was extended until 31 December 2022 by Royal Decree-Law 11/2022, dated 25 June. In order to help finance the rebate, wholesale distributors of oil products with refining capacity in Spain and an annual turnover in excess of EUR 750 million were required pay a non-taxable public capital contribution. Operators who undertook to grant a clear discount on the sale of the subsidised products to final consumers were not obliged to pay this contribution. This discount was granted on the retail price for a minimum amount equivalent to 5 euro cents per litre or per kilogram. CEPSA undertook to grant the rebate.

Royal Decree-Law 20/2022 of 27 December establishes an extraordinary and temporary aid for road transport companies entitled to a partial refund of the hydrocarbon tax on diesel fuel for professional use, in order to mitigate the effects of the increase in fuel costs in the transport sector, which Royal Decree-Law 5/2023 of 28 June extends until 31 December 2023.

Royal Decree-Law 20/2022 of 27 December extends until 30 June 2023 the limit on the maximum selling price of bottled liquefied petroleum gases established by the resolution of 12 May 2022 of the Directorate General of Energy Policy and Mining. Royal Decree-Law 5/2023 of 28 June extends this until 31 December 2023.

Royal Decree-Law 8/2023 of 27 December amends the LSH to prohibit supplies between retail distributors and supplies by retail distributors to wholesalers, and to allow access to liquid hydrocarbon facilities not only to wholesalers but also to other actors in the supply chain, including retail distributors.

Supervisory body

Pursuant to Law 3/2013 of 4 June, which established the Spanish National Market and Competition Commission (CNMC), which supervises and controls the energy sector in general and hydrocarbons in particular.

According to the ninth Additional Provision of the aforementioned law, the Ministry of Ecological Transition (MITECO) supervises activities in the energy sector. According to this provision, the acquirer must notify MITECO of certain transactions in the energy sector.

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

Refining

The Group's activities are subject to numerous national and regional regulations that apply to all the activities carried out in our Energy Parks, starting with Law 34/1998, of 7 October, on the Hydrocarbons Sector.

In industrial matters, Law 21/1992, of 16 July 1992, on Industry, and Royal Decree 2085/1994, of 20 October 1994, approving the Petroleum Installations Regulation, which includes the Complementary Technical Instructions (ITC) MI-IP 01 "Refineries" and MI-IP 02 "Petroleum Liquid Storage Installations".

With regard to applicable environmental legislation, it is worth highlighting, among other regional regulations, Royal Legislative Decree 1/2016, of 16 December, which approves the revised text of the Law on Integrated Pollution Prevention and Control, Law 26/2007, of 23 October, on Environmental Responsibility, and Law 21/2013, of 9 December, on Environmental Impact Assessment.

Royal Legislative Decree 2/2011, of 5 September, approving the revised text of the Law on State Ports and the Merchant Shipping, which regulates the activities carried out in our energy parks and their marine terminals with the various port authorities in the ports under the jurisdiction of the National General Administration.

Minimum security stocks

The LSH establishes the obligation to maintain minimum security stocks for petroleum products and natural gas.

Royal Decree 1716/2004 of 23 July 2004, subsequently amended by Royal Decree 1766/2007 of 28 December 2007, regulates the obligation to maintain minimum security stocks in the oil, LPG and natural gas sectors, as well as the operation of the Corporation of Strategic Reserves of Petroleum Products (CORES).

According to the aforementioned Royal Decree, the minimum security stock obligation for petroleum products, excluding LPG, is 92 days of sales corresponding to the previous 12 months, but has been reduced since the beginning of the conflict in Ukraine, being temporarily set at 84.2 days by virtue of Order TED /725/2022 of 27 July.

For LPG, the obligation is 20 days of sales or consumption over the previous 12 months.

For natural gas, Royal Decree-Law 6/2022 increased the minimum stockholding obligation established by Royal Decree 1766/2007 from 20 days to 27.5 days of final sales or consumption in the previous calendar year.

Royal Decree 376/2022 of 17 May, in its third additional provision, incorporates the functions of verification and inspection and the annual report on the use of biofuels for transport purposes into the functions of CORES, as established by Order ITC/2877/2008 of 9 October.

Natural gas

In addition to the LSH, the natural gas sector is regulated by Royal Decree 1434/2002, of 27 December, which regulates the activities of transport, distribution, marketing, supply and authorisation procedures for natural gas installations.

Law 8/2015 of 21 May 2015, which amends the LSH, creates an organised natural gas market and designates MIBGAS S.A. as the Organised Gas Market Operator.

Electricity sector

The electricity sector is regulated by Law 24/2013 of 26 December on the Electricity Sector, Royal Decree 1955/2000 of 1 December, which regulates the activities of transmission, distribution, marketing, supply and authorisation procedures for electricity installations, and Royal Decree 413/2014 of 6 June, which regulates the activities of electricity generation from renewable energy sources, cogeneration and waste.

In 2022, new measures were introduced in the electricity sector to deal with the consequences in Spain of the war in Ukraine, through Royal Decree-Law 6/2022 of 29 March, Royal Decree-Law 10/2022 of 13 May, Royal Decree-Law 17/2022 of 20 September, Royal Decree-Law 10/2022 of 13 May and Royal Decree-Law 20/2022 of 27 December.

Royal Decree-Law 23/2020 of 23 June introduced the obligation for renewable energy generation facilities to meet certain administrative milestones in order to maintain access and connection to the transmission and electricity grids.

Royal Decree-Law 5/2023, of 28 June, granted a further extension for a period of 6 months. This Royal Decree-Law also amends the regulations governing the provision of electric vehicle charging services and establishes the provisions for updating the remuneration parameters of the Specific Remuneration Regime for the 2023-2025 regulatory period.

Royal Decree-Law 8/2023 of 27 December introduced new measures in the electricity sector as part of the packages of measures approved with the initial aim of dealing with the consequences in Spain of the war in Ukraine, new developments in the competitive procedures for renewable electricity generation and the expiry of access and connection authorisations.

In addition, this Royal Decree establishes that for the calculation of the adjustment value for deviations in the market price for the year 2023, as provided for in Article 22 of Royal Decree 413/2014 of 6 June, which will be applicable in the update of the tariff parameters for the regulatory half-year starting on 1 January 2026, the weighted average value of the basket of electricity market prices for the year 2023 will be the minimum value between said value and the average value of the market price for the year 2023, as provided for in Article 22 of Royal Decree 413/2014 of 6 June, which will be applicable in the update of the tariff parameters for the regulatory half-year starting on 1 January 2026. The weighted average value of the basket of electricity market prices for the year 2023 shall be the minimum value between said value, as defined in Article 22 of Royal Decree 413/2014 of 6 June, and the average market price for the year 2023.

Electric mobility

In the field of electromobility, Royal Decree 184/2022 of 8 March, which regulates the provision of energy recharging services for electric vehicles, was approved in 2022.

With the entry into force of this regulation, Article 48 of the Electricity Sector Law will be implemented and other regulations, such as the aforementioned Law 7/2021, of 20 May, on Climate Change and Energy Transition, as well as national and international plans and strategies for the development of a complete regulatory framework for the provision of electric vehicle recharging services, will be strengthened and complemented, which will contribute to the development and implementation of recharging points for the provision of these services.

The main purpose of this Royal Decree is to specify the aspects related to the provision of electric vehicle charging services, including the list of parties involved in the provision of the service (the so-called "charging point operator" and "electric mobility service provider"), their respective rights and obligations, interoperability agreements, etc.

Among the aspects regulated by this Royal Decree, it is important to highlight the authorisation system for electric infrastructures for electric vehicle charging points. In this regard, only those with a capacity of more than 3,000 kW are subject to the authorisation procedure regulated in Article 53 of the Electricity Sector Act.

With regard to the obligation of service station owners to install charging points, as provided for in Article 15 of the aforementioned Climate Change Act, it is worth noting the publication of the Order of 27 October 2022, which establishes the list of service stations that are obliged to install electric charging infrastructure, as provided for in Sections 2, 3 and 4 of Article 15 of Act 7/2021 of 20 May on Climate Change and Energy Transition. Access to the list contained in the aforementioned decree is restricted to interested parties upon request.

Finally, it should be noted that any violation of the commitments related to electric mobility will be sanctioned in accordance with the provisions of the Electricity Sector Law and the LSH.

Climate change

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

The aforementioned law establishes a series of objectives to be achieved at national level, of which the following should be highlighted:

- The objective of a car and light commercial vehicle fleet with zero direct CO2 emissions by 2050.
- The deployment of a charging system for electric vehicles. To this end, it includes an obligation for service station owners to progressively install an electric recharging infrastructure within 21 or 27 months of the entry into force of the regulation, depending on the sales volume of the service station. This obligation is enforceable from the date of entry into force of the law for new service stations or those undergoing reforms that require a change in their administrative title.

Furthermore, the "Hydrogen Roadmap: A Commitment to Renewable Hydrogen" was approved, with which the government aims to promote this sustainable energy source, which is important for achieving the goal of climate neutrality by 2050.

In addition, the aforementioned Royal Decree-Law 6/2002 transposed Article 7 bis of Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 on the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (FQD Directive), establishing a new mandatory target of a 6 per cent reduction in the life-cycle greenhouse gas emissions intensity per unit of fuel and energy supplied in transport.

2. Basis of presentation

The consolidated Financial Statements have been prepared on a going concern basis from 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 Interpretations issued by the International Financial Reporting Interpretations Committee (CINIIF/IFRIC) of the IASB in effect at 31 December 2023, as adopted by the European Union at that date, except for those that have been early adopted, if any.

The consolidated Financial Statements for 2023 were prepared by the Board of Directors of Compañía Española de Petróleos, S.A. on 7 March 2024, and will be presented to the Annual General Meeting for approval. The Board of Directors expects them to be approved without amendments.

The 2022 Financial Statements of CEPSA and the CEPSA Group were authorised for issue by the Board of Directors of Compañía Española de Petróleos, S.A. on 2 March 2023, and approved without amendment by the General Meeting of Shareholders on 2 March 2023.

Reporting currency

The consolidated Financial Statements are presented in millions of euros, which is the functional currency of the parent company.

Classification of receivables and payables

In the accompanying consolidated Balance Sheet, receivables and payables falling due within twelve months are classified as current, while those falling due after more than twelve months are classified as non-current.

There are payables that are due within twelve months, but for which the long-term refinancing is secured at the discretion of the Company 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 requirements of *IAS 7 Statement of Cash Flows*, the Group presents the information on cash flows and cash equivalents from operating activities using the indirect method, starting with the consolidated profit before tax reported in the consolidated Income Statement. This amount is then adjusted for the effects of non-cash transactions and accruals made during the period, and for the items in the consolidated Income Statement items relating to cash flows from operations that are classified as investing or financing.

In addition, the amount of interest payments related to the Group's financing, including finance charges on leases accounted for in accordance with IFRS 16, is included in *Cash Flows from financing activities*.

2.1. Changes in accounting policies

The accounting policies adopted in the preparation of these consolidated Financial Statements are consistent with those followed in the preparation of the consolidated Financial Statements for the year ended 31 December 2022, except for the adoption of the following standards, interpretations and amendments, which were applied for the first time from 1 January 2023:

- Amendment to IAS 1 related to "Accounting policies disclosure". Amendments that enable entities to identify appropriately the information about significant accounting policies that needs to be disclosed in the financial statements.

- Amendment to IAS 8 related to "Accounting estimates", including some amendments and clarifications related to the concept of changes in accounting estimates.

- Amendment to IAS 12, on "Deferred tax assets and liabilities ", to clarify how entities should account for Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) in relation to specific individual transactions (leasing and dismantling liabilities).

  The Group has applied this amendment to all leases in operation at the date as of 1 January 2022 and to leases entered into thereafter. The adoption of the amendment to IAS 12 resulted in an increase in the opening balance of DTA (included in *Non-current assets*) and DTL (included in *Non-current liabilities*) amounting to EUR 156 million. As a result, the Balance Sheet statement at the end of 2022 has been restated to reflect the previous figures (see **Note 2.3**).

- Amendment to IFRS 17 relating to “Insurance Contracts”, applicable to entities adopting IFRS 17 and IFRS 9 at the same time.

- Amendment to IAS 12 on tax reform and Pillar 2 model rules. This amendment introduces a mandatory temporary exemption from the recognition of deferred tax in IAS 12 related to the implementation of the international Pillar 2 tax model. It includes also some additional disclosure requirements.

2.2. Comparative information

The new accounting standards applied by the Group as from 1 January, 2023 have not had any significant impact, given their nature and scope.

The information contained in the 2022 consolidated Financial Statements is presented for comparative purposes with the information for the period ending 31 December 2023. For these purposes, the 2022 Financial Statements were originally presented in thousands of Euros; for comparative purposes, the 2022 figures are presented in millions of euros, rounded where appropriate.

The adoption of the amendment to IAS 12 resulted in an increase of EUR 156 million in the opening balance of Deferred tax assets (included in *Non-current assets*) and Deferred tax liabilities (included in *Non-current liabilities*). As a result, the 2022 balance sheet has been restated accordingly.

A table detailing the affected balance sheet headings is presented below:

IAS 12 adjustments | € Millions

Assets	Balance at 31.12.2021	Impact IFRS 12	Adjusted Balance at 01.01.2022	Mov. 2022	Adjusted Balance at 31.12.2022
Non current assets					
Deferred tax assets	943	156	1,099	391	1,490
Rest of non-current assets	7,165	—	7,165	(1,080)	6,085
Total non-current assets	8,108	156	8,264	(689)	7,575
Total current assets	6,542	—	6,542	2,915	9,457
Total assets	**14,650**	**156**	**14,806**	**2,226**	**17,032**

Shareholder'Equity and Liabilities	Balance at 31.12.2021	Impact IFRS 12	Adjusted Balance at 01.01.2022	Mov. 2022	Adjusted Balance at 31.12.2022
Total Equity	4,307	—	4,307	525	4,832
Non-current liabilities					
Deferred tax liabilities	639	156	795	(177)	618
Rest of non-current liabilities	4,789	—	4,789	(874)	3,915
Total non.current liabilities	5,428	156	5,584	(1,051)	4,533
Total current liabilities	4,915	—	4,915	2,752	7,667
Total equity and liabilities	**14,650**	**156**	**14,806**	**2,226**	**17,032**

3. Accounting estimates, assumptions and significant adjustments

These consolidated Financial Statements are the responsibility of the Directors of the parent company, who declare that all the policies, guidelines, and criteria set out in the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) have been applied.

The preparation of consolidated financial statements in conformity with IFRS-EU standards requires the Directors to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

These relevant estimates, assumptions and judgements are based on historical experience and other factors that are believed to be reasonable at the date of preparation of the financial statements. They are continually reviewed by Management and could therefore be revised in the future as a result of changes in circumstances or new information. Any new policy on accounting estimates would be applied on a forward-looking basis in accordance with IAS 8, recognising the effect of the change in estimate on the consolidated Income Statement. In this respect, the scenarios of energy transition and decarbonisation of the economy that are consistent with the objectives of the Paris (COP 21), Glasgow (COP 26) and Dubai (COP 28) climate summits, have been considered in the determination of the accounting estimates, assumptions and significant adjustments, in particular in the assessment of the recoverable value of assets.

There are no significant changes in the accounting estimates methodology in 2023 compared to 2022.

The following summary provides additional information on the most significant estimates, assumptions and judgements made in the preparation of the consolidated Financial Statements and accompanying notes. It should be read in conjunction with the notes to which reference is made in this summary.

A) ESTIMATE OF HYDROCARBON RESERVES

Reserves estimation is a key decision making process for 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 proved and probable (2P) oil and gas reserves is included in the calculation of depletion and amortisation using the *Unit of Production Method*. Similarly, 2P reserves, together with contingent resources in certain cases, are considered in assessing the recoverable amount of investments in exploration and production assets.

CEPSA Reserves and Contingent Resources Evaluation Procedure follows the guidelines established by the Society of Petroleum Engineers (SPE), the American Association 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, which were revised in November 2011 and June 2018, and is known as the "SPE-PRMS" (Petroleum Resources Management System). The process for determining reserves takes into account, among other things: estimates of the volume of oil and natural gas in place, recovery factors, price forecasts assumptions and estimates of costs and investments.

The reserves are certified annually by the Group's internal experts, who are independent of the Exploration and Production area. In addition, the reserves are audited every two years by independent specialist firms. The last external audit of reserves was carried out in the first half of 2022 on reserves as of 31 December 2021. This audit did not reveal any significant discrepancies with the Group's reserves. The impairment testing on Exploration and Production assets described in **Note 13** has been based on this audit. The next external audit is scheduled for the second quarter of 2024.

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

B) IMPAIRMENT OF ASSETS

The Group assesses at year-end, or whenever the circumstances warrant, whether there is any indication that an asset or cash-generating unit (CGU) may be impaired (or in the case of assets or CGU with accumulated impairment losses, whether there is a reversal of such impairment) and, if so, tests such assets for impairment by performing an impairment test, which involves determining whether there is any loss or increase in value that could reduce the recoverable amount of the asset to an amount less than its carrying amount.

In determining the recoverable amount of impaired assets (IAS 36), estimates, assumptions and judgements relate mainly to fluctuations in crude oil prices, reductions in activity, expected losses or crisis situations in the geographical areas in which the Group operates. The estimates and assumptions used by management are determined internally by specialist departments based on available information on economic conditions and analysis by independent experts. The discount rate is reviewed annually.

The grouping of the assets into different *Cash-generating Units*[1] requires the exercise of professional judgement and takes into account, among other things, the business segments and the geographical areas in which the Group operates.

Judgements and estimates have also been made in determining the recoverable amount of certain assets: intangible assets, property, plant and equipment, and investments in associates and joint ventures.

[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.*

The impairment of assets and the method used to calculate it are described in **Note 13**.

C) LIABILITIES RESULTING FROM THE DECOMMISSIONING OF ASSETS

Liabilities for the decommissioning of assets used in the production, development, transformation, and sale of hydrocarbons are recognised in the period in which such liabilities are incurred, based on a reasonable estimate of the cost. Estimates are based on available information on costs and the work programme.

Decommissioning provisions are periodically updated to reflect changes in estimated costs and the discount rates. This calculation is complex due to both the initial recognition of the present value of the estimated future costs and the subsequent adjustments made to reflect, among other things, the passage of time, changes in estimates due to changes in the assumptions originally used as a result of technological advances, regulatory changes, economic, political, and environmental safety factors, changes in schedules or in operating conditions, etc. The discount rate is reviewed annually.

The method used to calculate the liabilities and their recognition in the consolidated Income Statement is described in **Notes 10 and 21**.

D) INCOME TAX

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits and the period of settlement.

In applying IFRS interpretation 23, Management uses its best judgement in assessing the uncertainty in the tax position with respect to:

- Measuring the effect of the uncertainty on the treatment of income tax treatment individually for each case or collectively 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 appropriate method of computation that best predicts the resolution of the uncertainty.

Also in respect of tax provisions, the assessment of the possible outcome of claims and contingencies is based on the judgement of the Group's internal legal and tax advisors, taking into account the current state of the proceedings and applying their collective professional experience. As the outcome is ultimately determined by the courts, it may differ from the estimates.

The Group relies on the assessment of its tax advisors as to the likelihood that penalties and interest will be imposed. Their assessment determines whether or not the related expense should be recognised and, if so, in which line of the consolidated Income Statement it should be recorded.

The calculation processes and criteria used are described in **Note 26**.

E) LIABILITIES FOR PROVISIONS

The assessment of the potential impact of legal claims and contingencies other than those referred to above is based on the best professional judgement of the Group's legal advisers, taking into account the current status of the proceedings and their collective legal experience with respect to the various matters. As the outcome will ultimately be determined by the courts, it may differ from the estimates.

Similarly, judgements and estimates are made in respect of the cost of actions and provisions for environmental clean-up and remediation using current information on expected costs and plans for remediation. Most remediation events do not occur in the near future, and the precise requirements to 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 with respect to the reduction and elimination of greenhouse gases.

These criteria are described in **Note 21.**

F) OTHER MATTERS SUBJECT TO ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Other matters that require the use of estimates, assumptions and judgements are summarised below:

- Determination of whether the Group has significant control or influence over an investee (see **Note 4.1**)
- The measurement process for assets and liabilities in Business Combinations requires Management to make judgements and estimates, as described in **Note 4.2**.
- Useful lives of property, plant and equipment and intangible assets (see **Notes 8** and **10**).
- The calculation of the inventory valuation (see **Note 14**).
- When the fair value of financial assets and financial liabilities recognised in the balance sheet cannot be determined using quoted prices in active markets, they are measured using alternative valuation techniques including the *Discounted Cash Flows* models. Where possible, the inputs to these models are derived from observable markets. Where this is not the case, certain value judgements are required in determining fair values. including consideration 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 values of financial instruments (see **Note 31**).
- The amount of invoices to be received or issued, based on signed contracts and, where applicable, market price references.
- The assessment of the expected losses in accordance with IFRS 9, adjusted for the *Probability of Default* (PD), an adjustment based on forward-looking estimates of the business unit's Strategic Plan and/or macroeconomic variables.
- In relation to IFRS 16, it is necessary to analyse whether a lease agreement 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 and extensions that are considered likely to be exercised.

G) JUDGEMENTS IN THE CASE OF TRANSACTIONS NOT ADDRESSED IN RULES OR INTERPRETATIONS ISSUED

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

4. Summary of general accounting policies

4.1. Consolidation Principles

The consolidated financial statements comprise the financial statements of the Company and of the entities controlled by the Company (its subsidiaries) prepared as at 31 December of each year.

Entities controlled[2] directly 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 using the equity method (see **Note 7**). Of these, the Group accounts for joint operations by recognising its share of the assets, liabilities, income and expenses.

[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.

Investments in associates in which the Group has significant influence are accounted for using the *Equity Method*. Significant influence is defined as:

- on a general basis, companies in which the ownership interest is generally between 20 and 50 percent; and

- companies in which, although the ownership interest is less than 20 percent, significant influence is deemed to exist due to various factors, such as the presence of the CEPSA Group on the Board of Directors or a high volume of transactions.

For fully consolidated companies, all intercompany balances and transactions, income and expenses (except for foreign exchange gains and losses on transactions and balances denominated in foreign currencies) are eliminated on consolidation. For joint ventures, this elimination is limited to the Group's ownership interest.

For Group transactions with companies consolidated using the equity method, unrealised gains are written off against the investment in proportion to the Group's interest in the investee; unrealised losses are written off in the same way unless there is evidence of impairment of the Group's interest in the investee.

4.2. Business combinations and Goodwill on consolidation

Business combinations are accounted for using the *Acquisition Method*. Under this method, identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date, provided that those values can be measured reliably (see explanation in **Note 5**).

The Group recognises a goodwill at the acquisition date for the excess of:

- the consideration transferred (the fair value of the assets given, equity instruments issued and the liabilities incurred or assumed at the date of exchange, plus any additional consideration that depends on future events, provided that such additional consideration is probable and can be measured reliably), the amount of any non-controlling interest and, for step acquisitions, the fair value of any previously held equity interest in the acquiree at the date of acquisition;

- over the fair value of the acquiree's identifiable net assets at the acquisition date.

If the difference is negative, it is recognised as income in the consolidated Income Statement (further information on both cases, see **Note 9**).

The non-controlling interest is recognised at its proportionate share of the net assets of the acquiree or at its fair value.

Any deferred contingent consideration is recognised at its fair value at the acquisition date. If there is an obligation to pay contingent consideration that meets the definition of a financial instrument, it is classified as equity. It is then not remeasured and the settlement is recognised in Equity. Otherwise, the contingent consideration is remeasured at fair value at each reporting date and any subsequent changes in the fair value of the contingent consideration are recognised in the consolidated Income Statement.

If a business combination is deemed to be incomplete at the reporting date, IFRS 3 requires issuers to disclose that fact and provide the provisional amounts of assets, liabilities, non-controlling interests and items of the consideration paid. Additionally, issuers should disclose the reasons why the accounting for the business combination is incomplete and the nature and amount of any measurement period adjustments recognised during the reporting period.

Under IFRS 3 and IAS 36, goodwill is not amortised. However, it is tested for impairment at least annually (or more frequently if there is an indication of impairment).

4.3. Foreign currency translation

A) FOREIGN CURRENCY TRANSACTIONS

Transactions in a currency other than the functional currency of a Group company are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses arising from exchange rate differences between the date of the transaction and the date of collection or payment are recognised in the consolidated Income Statement and included in financial income.

Additionally, year-end balances on accounts representing monetary items denominated in foreign currencies are restated in the functional currency at year-end rates, and differences from the exchange rates at the date of the transactions are recognised in the consolidated Income Statement.

However, exchange differences arising on the translation of the following items are recognised in *Adjustments for changes in value* in the consolidated Balance Sheet and form part of Other Comprehensive Income (OCI) in the consolidated Statement of Comprehensive Income:

- an investment in equity securities designated as at fair value other comprehensive income, FV-OCI, (except for impairment, in which case foreign exchange differences that have been recognised in Other Comprehensive Income are reclassified to the Income Statement);
- a financial liability designated as a hedge of a net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges, to the extent that the hedge is effective.

B) CONSOLIDATION OF FINANCIAL STATEMENTS OF COMPANIES WITH A FUNCTIONAL CURRENCY OTHER THAN THE EURO

The financial statements of the Group companies with a functional currency other than the euro have been translated into euros using the *Closing Rate Method*. Specifically:

- assets and liabilities, including goodwill and fair value adjustments, are translated at the closing rate,
- income and expenses, including those resulting from impairment, are translated 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 recognised 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 the Group disposes of all or part of an investment in such an entity and loses control, significant influence or joint control, the cumulative translation reserve associated relating to that investment is reclassified to *Profit or loss on disposal* in the consolidated Income Statement.

If the Group disposes of only part of its interest in such an entity but retains control, the relevant portion of the cumulative amount recognised is reclassified to *Non-controlling interest*. If the Group disposes of only a part of an associate or joint venture but retains significant influence or joint control, the relevant portion of the cumulative amount recognised is reclassified to the consolidated Income Statement.

The effect of fluctuations in exchange rates between periods on the movement in items in the consolidated Balance Sheet is shown for each item in the Other Changes column of the movement tables included in **Notes 6** to **28** .

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

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

A) RESERVES ACQUISITION COSTS THROUGH A BUSINESS COMBINATION.

Assets acquired as a result of a business combination are classified either as *O&G possible or contingent reserves (B.C.)* or as *O&G proved reserves (B.C.)* under *Intangible assets*, depending on the stage of development of such an asset.

The acquisition cost of such acquired assets remains within *Intangible assets* throughout their useful lives, even if they relate to or subsequently become proved reserves.

This acquisition cost is amortised in the same way as other categories of exploration and production assets, in accordance with the criteria applied to the related *Property, plant and equipment* assets:

- If the project results in the discovery of proved reserves, the unit of production method is used to determine the annual allocation to profit or loss, in a process coordinated with the rest of the project assets – which are included in *Oil & Gas Assets* under *Property, plant and equipment*.
- If the project does not result in the discovery of reserves, the accumulated costs are written of in full against income in the year in which it is confirmed that no reserves exist.

However, expenditure incurred subsequent to the acquisition of a business combination is not recognised here, but is disclosed in accordance with the notes below.

B) ACQUISITION COSTS OF RESERVES DIRECTLY BY THE GROUP.

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

1. Exploration permits acquisition costs, which are capitalised under the *Exploration and evaluation assets* heading of Intangible assets.
    a. They are amortised from the date of purchase over the term of the exploration contract.
    b. If proved reserves are discovered, amortisation ceases and, the net value of these investments will be transferred in due course[3] to the *Oil & Gas Assets* item of *Property, plant and equipment.*
2. Geological, geophysical and other pre-drilling costs are expensed as incurred: capitalised in the month in which they are incurred and then amortised.
3. Drilling costs for exploration wells are temporarily capitalised in *Exploration and evaluation assets* item under *Intangible assets* until it is assessed whether they have been used to discover reserves that justify commercial development.
    a. If no reserves have been found, the initially capitalised drilling costs are written off and recognised in the consolidated Statement of Income.
    b. If they have been successfully used to discover proved reserves, the accumulated costs are reclassified to *Property, plant and equipment* as *Oil & Gas Assets*.
4. Other exploration costs are expensed as incurred.

At the same time, and for each *cash-generating unit* (CGU), feasibility analyses are performed based on the exploration results and, where appropriate, impairment tests are performed (see **Note 13**), which may affect the net carrying amount.

C) DEVELOPMENT COSTS

Expenditure incurred on project development activities initiated by the Group, or on projects acquired through a business combination subsequent to the acquisition of an interest, consists of the following:

1. Development costs incurred to produce proved reserves (producing wells, dry hole development wells, oil and gas extraction and processing facilities, enhancement systems, platforms, etc.) are capitalised at the acquisition cost within PPE under *Oil & Gas Assets* item.
2. Field abandonment and decommissioning costs are calculated on a field-by-field basis and recognised under *Oil & Gas Assets* item at the current estimated value.

Development investments capitalised in accordance with criteria 1 and 2 above, together with the amounts referred to in paragraph B above that are received from Intangible assets at the date of beginning of the commercial phase, are depreciated according to the following rules:

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

[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.*

reserves extracted during the financial year in relation to the reserves estimated as proved and probable developed as recoverable at the beginning of each year (*production unit method*).

b. Exploratory drilling costs are depreciated over the estimated commercial life of the field, on the basis of the reserves extracted during the year in relation to the reserves estimated as proved and probable developed as recoverable at the beginning of each year.

c. In the case of joint production contracts, this calculation is based on the share of production and reserves allocated to the Group for the financial year, taking into account the estimates based on the contractual clauses.

D) IMPAIRMENT

An impairment test is performed periodically for each individual category of these assets. During the exploration phase (paragraphs A and B), feasibility analyses are performed on the basis of the results of the exploration activities and, if necessary, the appropriate impairment test, which may affect the net carrying amount of *Intangible assets*.

Similarly, during the development and operating phases, impairment tests are performed if there is an indication of impairment, as set out in IAS 36.

In all cases, the assets are grouped into CGUs and the criteria set out in **Note 13** are applied. Impairment losses are recognised in the consolidated Income Statement.

4.5. Fair value measurement

A) FINANCIAL INSTRUMENTS

The Group measures financial instruments, in particular derivatives, at fair value at each reporting date[4].

B) NON-FINANCIAL ASSETS

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

In determining fair value, the Group uses valuation techniques that are appropriate in the circumstances and based on available information, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique (see **Note 31**):

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other techniques in which all variables that have significant effect on fair value are directly or indirectly observable.
- Level 3: valuation techniques that use variables that are not based on observable market data to calculate the reported fair value.

4.6. Other published standards to be applied in the future

The following standards and interpretations issued by the IASB and the IFRS IC are not yet effective as of 31 December 2023. The Group does not initially expect any impact from these amendments.

Amendment to IFRS 16 Leases - Sale and Leaseback Transactions

This amendment to IFRS 16 is limited to the measurement requirements for certain sale and leaseback transactions and amends the requirements that a seller-lessee must use to quantify the 'lease liability' arising

[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.

from these transactions, with the objective of not recognising a gain or loss in respect of the portion of the asset (right of use) that the seller retains as a result of the leaseback.

This amendment, which has already been endorsed by the EU, is effective for sale and leaseback transactions entered into on or after 1 January 2024.

Amendment to IAS 7 and IFRS 7 - Supplier financing arrangements.

This amendment requires new disclosures to increase transparency about the nature of supplier financing arrangements. To this end, entities are required to provide qualitative and quantitative information to assess the impact of these arrangements on the entity's liabilities, cash flows and liquidity risk.

This amendment, which has not yet been endorsed by the EU at the date of preparation of these financial statements, would be effective for annual periods beginning on or after 1 January 2024. No comparative information for prior periods will be required at the date of initial application, nor will it be necessary to present the required information in the interim periods of that first period.

Amendment to IAS 1 - Presentation of Financial Statements / Classification of liabilities as current or non-current

An earlier amendment to IAS 1, effective from January 2020, could result in liabilities subject to covenants being presented in the short term in certain circumstances, even though they contractually qualify for classification in the long term at the end of the period (e.g. because the measurement date is later).

This amendment, which had not been endorsed by the EU at the date of these financial statements, would be effective for periods beginning on or after 1 January 2024.

Amendment to IAS 12 - Income Taxes / Tax Reform - Pillar 2 Model

This amendment was issued and endorsed by the EU in May 2023. It was urgently required to be applied in 2023 by those entities in whose jurisdictions the tax reform has already been implemented. For the CEPSA Group, as the tax implementation in the geographical areas in which we operate is scheduled for 2024, we have considered it more representative for the purposes of this section to treat this amendment as a change effective in 2024. The Spanish regulation implementing the European legislation has not yet been published in substance.

The Group has carried out an analysis of the regulations published at European level and from the results of this analysis it can be concluded that no significant impact on the Group's accounts is expected in the coming years when they come into force (see **Note 26**).

Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates

This amendment, which is effective from 1 January 2025, specifies when there is convertibility between currencies or not. If there is convertibility, it specifies an approach for determining the exchange rate to be used. These amendments are effective for annual periods beginning on or after 1 January 2024 and will be applied prospectively.

5. Business combinations and changes in the scope of consolidation

ACCOUNTING POLICIES

Business combinations are accounted for using the Acquisition Method.

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

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

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

If there are differences between the cost of acquisition and the amount of any non-controlling interest in the acquired entity, the policy described in ***Note 9****, on goodwill, applies.*

When a business combination is achieved in stages, the carrying amount of the Group's previous stake in the acquiree is remeasured to its fair value at the date of the last acquisition. Any resulting gain or loss on the previous carrying amount, if any, is recognised in the consolidated Income Statement. Amounts arising from the investment in the acquiree prior to the date of the last acquisition and previously been recognised in Other comprehensive income (OCI) are reclassified to the consolidated Income Statement, as the investment had been disposed of.

5.1. Main variations in the scope of consolidation

The variations in the scope of consolidation of the 2023 and 2022 financial years are:

Variation in the scope of consolidation

Year 2023	Full conso-lidation	Equity method	Year 2022	Full conso-lidation	Equity method
Cepsa Química Netherland, B.V.	I	E	Cepsa Energy Company International, SLU	E	
Mopu Holdings (Singapore) Pte Ltd	E		Cepsa Exploración y Producción, S.L.U.	I	
Abu Dhabi Oil Co. LTD. (ADOC)		E	Cepsa Petronuba, S.A.U.	I	E
Cosmo Abu Dhabi Energy E&P		E	Gasolinera El Coto, S.L.U.	I/E	
Next Chemical IPA, S.L.	I		Generación Carteia, S.L.U.	I	
			Magna Expergere, S.A.U.	E	
			Mitra Omega, S.L.U.	I	
			Mitra RO, S.L.U.	I	
			Mitra TAU, S.L.U.	I	

I=Inclusion

E=Exclusion

Table I at the end of this document, which forms part of this Report, lists the main subsidiaries, jointly controlled entities and associates, directly or indirectly held, which, together with CEPSA, are included in the consolidated Group. The registered office and activity of these companies are indicated, together with the main economic and financial data for the year ending 31 December 2023.

Changes in 2023 include:

- During 2023, the companies "Abu Dhabi Oil Co. LTD. (ADOC)" and "Cosmo Abu Dhabi Energy E&P" were sold.
- The company "Cepsa Química Netherland, B.V." is now fully consolidated (in 2022 it was consolidated using the equity method).
- The company "Mopu Holdings (Singapore)" has been liquidated.
- The company "Next Chemical IPA, S.L." was newly created in 2023.

In the changes in the 2022 financial year, noteworthy were the acquisition of 27.88% of the shares of "Deten Química, S.A." to reach a 97.83 % stake, the incorporation of "Cepsa Exploración y Producción, S.L.U.", the companies "Generación Carteia, S.L.U.", "Mitra Omega, S.L.U.", "Mitra RO, S.L.U.", "Mitra TAU, S.L.U." and "Cepsa Petronuba, S.A.U." moved into full consolidation, the acquisition and subsequent absorption by "Cepsa Comercial Petróleo, S.A.U." of "Gasolinera del Coto, S.L.U.", and the liquidation of "Magna Expergere, S.A.U." and "Cepsa Energy Company International, Ltd".

The breakdown of the effect on equity of the change in the consolidation method and of the inclusion and exclusion of companies from the scope of consolidation is shown under the headings *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 2022 information in this Report is presented for comparative purposes with the 2023 information only.

In the financial year 2023, Cepsa reached an agreement to acquire the Ballenoil service station network, a benchmark in the low-cost segment, which closed the year with more than 233 automated service stations. The company will keep the Ballenoil brand and the current business model and structure, offering the market a range of fuels at affordable prices and consolidating the positioning of this network in its segment. In addition, Cepsa intends to make the Ballenoil brand the benchmark for sustainability in the segment by expanding the offer of electric refuelling stations and incorporating the sale of biofuels. This transaction is subject to the approval of the competent authorities.

5.2. Divestments

ACCOUNTING POLICIES

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

Assets held for sale. The Group measures non-current assets (or disposal groups) classified as held for sale, at the lower of their carrying amount and fair value less costs to sell. Non-current assets (or disposal groups) are classified as held for sale when their carrying amount will be recovered through a sale transaction, or of a distribution to owners rather than of through their continued use.

This condition is met 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 being classified as held for sale.

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

- Represents a separate line of business or geographical area of operations,

- Forms part of a single co-ordinated 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 disposal.

The results of discontinued operations are presented separately from those of continuing operations in the consolidated Income Statement for the current reporting and comparative periods.

A) EXECUTED DIVESTMENTS

In the 2023 financial year, the Group has completed the divestment process of its 20% interest in the Satah Al Razboot (SARB) and Umm Lulu concessions, comprising the Umm Lulu (ULL), Sateh Al Razboot (SARB), Bin Nasher and Al Bateel fields, and its 12.88% indirect interest in the Mubarraz, Umm Al-Anbar, Neewat Al-Ghalan and Hail concessions through the sale of its shares in Cosmo Abu Dhabi Energy Exploration & Production Co. Ltd (CEPAD) (see **Notes 23 and 25**).

In addition, in the first quarter of 2023, the planned development investments in fields Sateh Al Razboot and Umm Lulu (Abu Dhabi), prior to their relinquishment, amounted to EUR 21 million in 2023 (2022: EUR 104 million), which were later on transferred to the buyer and adjusted in the consideration received.

In the 2022 financial year, there were no divestment in Group companies.

B) ONGOING DIVESTMENTS – ASSETS AND LIABILITIES HELD FOR SALE

At the Board of Directors' meeting of 2 March 2023, the Board of Directors authorised the commencement of the divestment of certain exploration and production assets in Latin America. (See **Note 35**).

These transactions have not yet taken place and consequently the assets and liabilities contributed to the Group by these companies have been excluded from their headings by nature in the consolidated balance sheet and transferred to assets held for sale and liabilities associated with assets held for sale respectively. The effects of this exclusion are briefly described in the related Notes (see **Notes 23, 25** and **35**).

Consequently, assets and liabilities as at 31 December 2023 and 2022, have been classified as a disposal group of items held for sale.

Companies held for sale - Assets and Liabilities

€ Millions

Assets	Notes	2023	2022
Intangible assets	8	5	—
Property, plant and equipment	10	74	1,584
Investments in equity accounted investees	7.1	—	64
Deferred tax assets	26.3	21	—
Account receivables		11	106
Other assets		3	3
Total assets		**114**	**1,757**

Liabilities	Notes	2023	2022
Account payables		4	—
Deferred tax liabilities	26.3	12	377
Provisions for third-party liability	21	33	155
Other liabilities		—	124
Total liabilities		**49**	**656**

6. Segment reporting

ACCOUNTING POLICIES

The CEPSA Group divides its operations into three business segments: Energy Solutions, Chemicals, and Exploration & Production. Each segment has its own management team and its information is reported separately to the Board of Directors. The operating results of these segments are regularly reviewed by the most senior operating decision maker in order to decide on the allocation of resources and to assess their performance.

The key financial information reported for each operating segment is as follows:

Revenues *comprise those from the segment's ordinary activities as well as revenues from the services provided.*

Gross Operating Profit/Loss *(EBITDA) comprises the income and expenses arising from the ordinary operations of the segment. It does not include: amortisation, depreciation, impairment, or the result on disposal of its assets, or financial profits, proceeds of shares consolidated by the equity method, or income taxes.*[5]

Adjusted gross operating profit/loss *(adjusted EBITDA) has been prepared on the same basis as that used for internal management information.*

Accordingly, certain items of income and expense are classified as non-recurring due to the special nature of certain economic events and are excluded from the segment results (see ***Note 6.3****). Non-recurring items generally relate to unusual but significant transactions and the difference in the value of inventories between the average unit cost method (used in the financial statements) and the replacement cost method (used to measure operating activities), what help to analyse the performance of operational segments as well as the comparison between financial years.*

Adjusted Capital Employed *is reported in the section on operating segment assets and liabilities. Adjusted Capital Employed is defined as non-current non-financial assets plus operating working capital (adjusted to replacement cost) minus non-current non-financial liabilities. The figure is equivalent to Equity (adjusted to replacement cost) plus net Financial Debt. Net Financial Debt is basically current and non-current borrowings minus cash and cash equivalents and non-current financial assets.*

Information relating to the geographical segments in which the Group operates is based on the location of assets, while information relating to revenues is based on the location of customers.

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.

[5] *Earnings Before Interest, Taxes, Depreciation and Amortization.*

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

CEPSA has aligned the definitions of its operating and reporting segments with its renewed strategic vision of "Positive Motion" business development and its commitment to be Net Zero by 2050. Specifically, the Company will focus on being a leader in sustainable mobility and energy, building on its leadership as a global chemicals supplier and the optimisation of its Exploration & Production portfolio.

The segments are defined on the basis of the demarcation of the 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. As a result, CEPSA's reportable operational segments are as follows:

- **Energy Solutions** includes the supply and refining of petroleum products and their export, the sale of production surpluses, trading activities, the generation of electricity and steam from conventional and renewable sources, 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 the manufacture, distribution, and sale of petrochemical and oleo-chemical products.

- **Exploration and Production** includes the exploration, development, and production of crude oil and natural gas reserves.

Finally, the amounts relating to the corporate functions performed by the parent company are presented as Corporation, which is not a separate operating segment.

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

The following table shows segment information at 31 December 2023 and 2022, both under the adjusted management criteria and under IFRS:

Segments reporting — € Millions

	Information excluding CCS Adjustments and Non-Recurring Items							
Year 2023	Energy Solutions	Chemical	Exploration & Production	Corporation	Intra-Group Elimi-nations	Total	CCS Adjust-ments Non-Recurring Items	Total Consoli-dated
Income/(Losses)								
Revenue								
Revenue from external customers	22,092	2,449	617	1	—	25,159	—	25,159
Intra-group revenue	2,198	1,124	16	89	(3,427)	—	—	—
Total Revenue	***24,290***	***3,573***	***633***	***90***	***(3,427)***	***25,159***	***—***	***25,159***
EBITDA	***830***	***223***	***493***	***(144)***	***—***	***1,402***	***(772)***	***630***
Capital Employed	***4,151***	***1,354***	***898***	***(22)***	***—***	***6,381***	***187***	***6,568***

Segments reporting € Millions

Year 2022	Energy Solutions	Chemical	Exploration & Production	Corporation	Intra-Group Eliminations	Total	CCS Adjustments Non-Recurring Items	Total Consolidated
	Information excluding CCS Adjustments and Non-Recurring Items							
Income/(Losses)								
Revenue								
Revenue from external customers	28,168	3,455	1,822	1	—	33,446	—	33,446
Intra-group revenue	3,613	1,799	10	87	(5,509)	—	—	—
Total Revenue	***31,781***	***5,254***	***1,832***	***88***	***(5,509)***	***33,446***	***—***	***33,446***
Result (EBITDA)	***828***	***382***	***1,868***	***(139)***	***—***	***2,939***	***322***	***3,261***
Capital Employed	***4,166***	***1,508***	***2,293***	***(147)***	***—***	***7,820***	***463***	***8,283***

6.2. Geographical segment reporting:

The following is a detail of revenues, net property, plant and equipment, net intangible assets and investments, according to their distribution by geographical segments for financial years 2023 and 2022:

Geographic segments reporting € Millions

	Revenues from third parties		Intangible and PPE assets		Additions in intangibles and PPE	
	2023	2022	2023	2022	2023	2022
Spain (*)	16,604	22,447	4,067	3,845	1,001	910
Rest of European Union	2,423	2,764	86	81	14	9
Africa	1,296	1,875	287	336	17	27
America	2,849	2,717	157	238	34	60
Rest of the world	1,987	3,643	314	341	8	114
Total consolidated	**25,159**	**33,446**	**4,911**	**4,841**	**1,074**	**1,120**

(*) In Spain, 2023 and 2022 figures in the caption "incomes from sales to third parties" includes excises.

For additional information regarding Revenues from third parties see **Note 23**; for additional information regarding Intangible and PPE, see **Notes 8 and 10**.

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 2023 and 2022 are shown below:

Non-recurring items

€ Millions

Year 2023	Energy Solutions	Chemical	Exploration and production	Corporate	Total
On EBITDA					
Difference in valuation and replacement cost	(326)	(53)	—	—	(379)
Others non-recurring items	(149)	(27)	(18)	(179)	(373)
Gains or losses in assets disposal	(5)	—	(15)	—	(20)
Total	**(480)**	**(80)**	**(33)**	**(179)**	**(772)**

Year 2022	Energy Solutions	Chemical	Exploration and production	Corporate	Total
On EBITDA					
Difference in valuation and replacement cost	437	43	—	—	480
Others non-recurring items	(41)	(9)	(5)	(103)	(158)
Total	**396**	**34**	**(5)**	**(103)**	**322**

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 the operating segments– in the value of inventory sold, as well as the IFRS valuation adjustment applied during the year to the book value to adjust it to the year-end market value.

The Replacement cost method facilitates the analysis of segment performance and comparisons between years. Under this method, the cost of sales is determined by reference to the average market price in the current month rather than the historical value derived from the accounting valuation method. Consequently, the replacement cost adjustment is determined as the difference between these two methods.

The Group considers non-recurring items to be those atypical income or expenses that are not directly related to the principal activities of the entity and are unusual. In general, these non-recurring items are:

- Impairment of assets;
- Results from the disposal of assets (significant amounts);
- Out of ordinary staff costs (such as restructuring costs);
- Out or ordinary tax expenses or income;
- Costs related to mergers/acquisitions;
- Profit/loss from discontinued operations.

In 2023, the following non-recurring changes should be highlighted:

- Mostly the extraordinary expense of EUR 323 million associated with the Temporary energy levy calculated on sales in 2022 and paid in 2023 (see **Note 23**).
- Other movements: Results from disposals obtained in the sale of Exploration and Production assets in Abu Dhabi (see **Note 23**), business restructuring costs, and results from the derecognition of impaired assets in the company "Mitra Epsilon, S.L.U.".

In the case of companies accounted for using the *Equity Method*, the adjustments are the same as above, i.e. an adjustment to the r*eplacement cost* and impairment of assets on the profit of these companies.

The breakdown of the item Difference in Valuation and Replacement Cost in 2023 and 2022 is as follows:

Difference in valuation and replacement cost

€ Millions

Year 2023	Energy Solutions	Chemical	Total
On Result (EBITDA)			
Changes in inventory	(369)	(53)	(422)
Changes in inventory impairment	43	—	43
Total	**(326)**	**(53)**	**(379)**

Year 2022	Energy Solutions	Chemical	Total
On Result (EBITDA)			
Changes in inventory	533	40	573
Changes in inventory impairment	(96)	3	(93)
Total	**437**	**43**	**480**

7. Investments in associates and joint ventures

ACCOUNTING POLICIES

A) ASSOCIATES

*An associate is an entity in which the Group has a financial interest that does not grant it control but over which it has the ability to exercise significant influence (see **Note 4.1**).*

Investments in associates 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 in the arrangement, rather than the legal structure of the joint arrangement. CEPSA has an equity interest in both arrangements. 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 over an economic entity, which exists only if decisions concerning the relevant activities of that entity always require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement in which the parties that jointly control the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. These parties are referred to as joint operators. The Group operates under this type of joint arrangement, primarily in the Exploration and Production business.

Recognition of Joint Operations**. The Group recognizes its**:

- *Assets, including its share of any jointly held assets;*
- *Liabilities, including its share of any jointly incurred liabilities;*
- *Revenues from the sale of its share of the output of the joint operation;*
- *Share of the revenue from the sale of the output of the joint operation; and*
- *Expenses, including its share of any jointly incurred expenses.*

In addition, balances, revenues, expenses and profits on transactions with companies consolidated using this method here have been eliminated in the consolidation process, in proportion to the interest held.

A joint venture is a type of joint arrangement whereby the parties that have joint control only 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 recognised 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 date of acquisition. Any goodwill arising on the investment in the joint venture (or associate) is included in the carrying amount of the investment and is not tested for impairment separately.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture (or associate). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the joint venture (the associate) and its carrying amount, and then recognises this impairment under the heading of Share of results of equity accounted investees in the consolidated Income Statement, with a debit sign. Reversals of impairment losses recognised in previous periods are calculated and recognised in the same way, as credits.

Upon loss of significant influence over the associate or the joint venture, the Group measures and recognises any retained interest at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retained interest and proceeds from disposal is recognised in the consolidated Income Statement.

All subsidiaries, associates and jointly controlled entities within the CEPSA Group have a 31 December year end.

7.1. Record of interests

The breakdown of the balance at year-end 2023 and 2022 under Investments in equity accounted investees is shown in the following table:

Investments in Associates and joint ventures

€ Millions

		Book value		Profit / (loss) by integration	
	Type of participation	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Sorexi, S.A.	Joint ventures	31	31	3	3
Abu Dhabi Oil CO, Ltd (ADOC)	Associates	—	—	4	20
Nueva Generadora del Sur, S.A.	Joint ventures	8	9	—	—
Cepsa Gibraltar, S.A.	Associates	11	9	1	1
Asfaltos Españoles, S.A.	Joint ventures	17	19	(2)	1
Sinarmas Cepsa Pte Group	Joint ventures	158	182	1	53
Other companies		41	55	5	20
Total		**266**	**305**	**12**	**98**
Where:					
Joint ventures		*242*	*268*	*3*	*57*
Associates		*24*	*37*	*9*	*41*

Changes in investments

The breakdown of the changes in 2023 and 2022 in the above-mentioned heading is as follows:

Variation in investments accounted under the equity method

€ Millions

	2023	2022
Opening balance at the beginning of the year	**305**	**290**
Profit after taxes incurred in the year (discontinued operations included)	12	98
Dividends received during the year	(12)	(28)
Share Premium Reimbursement	(18)	—
Additions of investments in associates and joint ventures	—	5
Disposals:		
Companies clasified as held for sale	(4)	(58)
Mergers/Change in consolidation method	(1)	(1)
Conversion differences	(16)	(1)
Closing balance at the end of the year	**266**	**305**

In the 2023 financial year, note:

- The heading *Share Premium Reimbursement* refers to a partial refund of equity in “SinarMas Cepsa Pte, Ltd”.

- A change in the consolidation method in "Cepsa Química Netherland, B.V." to full consolidation (see **Note 5.1**).
- The heading *Conversion differences* includes consolidation translation differences, namely "SinarMas Cepsa Pte, Ltd" and "SIL Chemicals LTD"

The most significant changes in 2022 were:

- A capital increase in "Atlas Nord Hydrocarbures, S.A.S." amounting to EUR 5 million.
- A change in the consolidation method in "Cepsa Petronuba S.A.U.", which is nowfully consolidated (see **Note 5.1**).
- A reclassification to Held for sale in "Abu Dhabi Oil Co. Ltd" (ADOC). (See **Note 5.2**).
- *Other changes* includes translation differences, mainly from "SinarMas Cepsa Pte, Ltd", "Abu Dhabi Oil Co. Ltd" (ADOC).

Below is a summary of the main economic aggregates corresponding to the companies consolidated using the equity method at the end of financial years 2023 and 2022:

Main figures		€ Millions
Investments accounted under the equity method	2023	2022
Total assets	419	709
Total current and non current liabilities	158	341
Net assets	**261**	**368**
Total revenues	495	811
Profit for the year	**33**	**359**
Share of results of companies accounted for by using the equity method (discontinued operations included)	**12**	**98**

7.2. Goodwill

The 2023 and 2022 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					€ Millions
Year 2023	Segments	Balance at 01.01.2023	Acquisitions	Others movements	Balance at 12.31.2023
Distribution network companies	Energy Solutions	28	—	1	29
Chemical companies	Chemical	7	—	(4)	3
Total Goodwill		**35**	**—**	**(3)**	**32**

Year 2022	Segments	Balance at 01.01.2022	Acquisitions	Others movements	Balance at 12.31.2022
Distribution network companies	Energy Solutions	30	—	(2)	28
Chemical companies	Chemical	7	—	—	7
Total Goodwill		**37**	**—**	**(2)**	**35**

There have been no relevant changes in the goodwill of the investees as of December 31, 2023.

7.3. Impairment

The CEPSA Group regularly assesses whether there is any indication of impairment of its financial assets, including the goodwill arising on acquisitions, as described at the beginning of the Accounting Policies note.

In 2023 and 2022, no changes in the *Impairment* heading occurred.

7.4. Financial information of investee companies and businesses

A) JOINT VENTURES

The summarised financial information for the joint ventures partly owned by CEPSA at 31 December 2023 and 2022 is as follows:

Summarized financial information of main joint ventures, at 100%

€ Millions

	Sorexi, S.A.		Asfaltos Españoles, S.A.		Nueva Generadora del Sur, S.A.		SinarMas Cepsa Pte, LTD	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Revenue	96	90	50	80	6	8	355	636
Expenses	(84)	(78)	(50)	(74)	(3)	(4)	(323)	(493)
Amortization charge	(1)	(1)	(7)	(7)	(2)	(3)	(20)	(19)
Other operating income (expenses)	—	—	2	2	—	—	2	(1)
Net foreign exchange gain (loss)	—	—	—	—	—	—	(2)	2
Finance income	—	(2)	—	—	—	—	—	—
Finance costs	(2)	—	—	—	—	—	(10)	(12)
Profit before tax	9	9	(5)	1	1	1	2	113
Income tax	(3)	(3)	1	—	—	—	—	(6)
Profit for the period from continuing operations	6	6	(4)	1	1	1	2	107
Net profit for the period	6	6	(4)	1	1	1	2	107
Total comprehensive income	6	6	(4)	1	1	1	2	107
% stakeholding	40.0%	40.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Contribution to consolidated profits	3	3	(2)	1	—	—	1	53
Dividends	3	3	—	—	2	4	—	—

€ Millions

	Sorexi, S.A.		Asfaltos Españoles, S.A.		Nueva Generadora del Sur, S.A.		SinarMas Cepsa Pte, LTD	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Non-current assets	4	5	53	53	12	14	285	313
Current assets	59	50	7	10	7	16	167	209
TOTAL ASSETS	63	55	60	63	19	30	452	522
Non-current liabilities	9	3	12	6	—	—	85	87
Current liabilities	33	30	14	19	3	11	51	71
TOTAL LIABILITIES	41	34	26	25	3	11	136	159
NET ASSETS	21	21	34	38	16	19	316	363
% stakeholding	40.0%	40.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Stake in net assets	9	9	17	19	8	9	158	182
Goodwill	22	22	—	—	—	—	—	—
Carrying value of investment	31	31	17	19	8	9	158	182

In 2023, dividends of EUR 6 million were received (EUR 8 million in 2022).

Table II at the end of this document, which forms part of this Report, lists 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 in proportion to the Group's ownership interest.

B) ASSOCIATES

The summarised financial information of the main associates of the CEPSA Group at 31 December 2023 and 2022 is included below:

Summarized financial information of main associates, at 100%

€ Millions

	Abu Dhabi Oil CO, Ltd (ADOC)		Cepsa Gibraltar, S.A.	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Revenue	193	987	53	78
Expenses	(93)	(452)	(50)	(76)
Finance costs	(2)	(9)	—	—
Profit before tax	98	526	3	2
Income tax	(70)	(369)	—	—
Profit for the period from continuing operations	28	157	3	1
Profit for the period from discontinued operations	—	—	—	—
Net profit for the period	28	157	3	1
Other comprehensive income/loss	—	—	—	—
Total comprehensive income	28	157	3	1
% stakeholding	12.9%	12.9%	50.0%	50.0%
Contribution to consolidated profits	4	20	1	1
Dividends	—	4	—	—

€ Millions

	Abu Dhabi Oil CO, Ltd (ADOC)		Cepsa Gibraltar, S.A.	
	12.31.2023	12.31.2022	12.31.2023	12.31.2022
Non-current assets	—	745	12	12
Current assets	—	(745)	16	15
TOTAL ASSETS	—	—	29	26
Non-current liabilities	—	677	—	—
Current liabilities	—	(677)	7	7
TOTAL LIABILITIES	—	—	7	7
NET ASSETS	—	—	22	19
% stakeholding	12.9%	12.9%	50.0%	50.0%
Stake in net assets	—	—	11	9
Goodwill	—	—	—	—
Carrying value of investment	—	—	11	9

In 2023, dividends totalling EUR 6 million, were received from associates, mainly from “CS CHEM Limited” (EUR 5 million), (EUR 20 million in 2022).

The sale of the "Abu Dhabi Oil Co. Ltd" (ADOC) company has been formalised with effect from 15 March 2023. The table above shows ADOC's results in 2023 belonging to Cepsa Group prior to the relinquishment.

8. Intangible assets

ACCOUNTING POLICIES

A) EXPLORATION AND PRODUCTION ASSETS

*See **Note 4.4***

B) OTHER INTANGIBLE ASSETS

Individually acquired intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over the estimated useful lives shown in the table below. The estimated useful life and the amortisation method are reviewed at the end of each reporting period, and the effect of any change in estimates is recognized on a prospective basis.

Individually acquired intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Research and development costs are expensed as incurred. However, development costs for projects for which the technical and economic feasibility has been established are capitalised retrospectively as soon as their economic viability has been established and are subsequently amortised over their useful life.

Manufacturing licence rights are amortised at the same rates as the depreciation of the industrial units to which they relate.

Service station land rights and flag contracts are amortised over an average of 20 and 5 years, respectively, based on the contractual terms of such transactions.

Investments in computer software are amortised over a maximum period of five years.

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

The useful lives used by the Group takes for the amortisation of intangible assets are summarized in the following table:

Amortization of other intangible assets	***Years of useful life***
Concessions, patents and license rights (*)	*Up to to 50*
Computer applications	*From 3 to 5*
Goodwill	*Indefinite*
Other Intangible Assets (**)	*Up to 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.

In both cases, the useful lives assigned to the different types of intangible assets in the Group are generally determined on an individual basis according to the duration of the contracts that cover them; in any case, the table shows the maximum periods used.

C) EMISSIONS ALLOWANCES

In order to comply with the European Union's commitments to reduce greenhouse gas emissions by 55% by 2030 compared to 1990 levels, as reflected in the European Climate Law of 30 June 2021, several EU and national regulations have been issued for the new 2021-2030 compliance period, such as Law 9/2020 and Royal Decree 1089/2020. The final free allowances for the 2021-2025 period will be formally adjusted, notified and delivered during in first quarter of each year, revised to third quarter as per amendment of law in 2023. Moved to September in 2024.

*Allowances received free of charge under the National Emissions Allowance Allocation Plan are valued at the market price in force at the beginning of the year to which they relate and recognised as an asset under Other intangible assets; with a counter entry under Grants (see **Note 19**).*

Emissions allowances purchased from third parties are also recognised as intangible non-amortisable assets and are initially recognised at cost.

All emissions allowances derecognised when they are surrendered to the National Registry of Greenhouse Gas Emissions Rights (RENADE) and are transferred to third parties or when the conditions set for their expiry are met.

At the end of the reporting period or when there is an indication of impairment, the net realisable value of the emissions allowances is compared with their carrying amount and, if the latter is higher, they are written down to fair value. In the case of allowances acquired on an onerous basis, a corresponding reduction in the value of the asset would be made; in the case of rights received from the government free of charge, in addition to the above correction, the value of the Capital Grants would be adjusted by the same amount, with the counter-entry in Allocation to profit or loss of grants related to non-finance assets and other of the consolidated Income Statement.

D) IMPAIRMENT

*As indicated above, all items in this section of Intangible assets are tested for impairment whenever there is an indication that an asset may be impaired. In particular, assets with indefinite useful lives and those not yet available for use are tested annually, regardless of whether there is an indication of impairment (see **Note 13**).*

The breakdown of the gross investments in intangible assets, related accumulated amortisation and impairment losses for 2023 and 2022 is as follows:

Intangible assets

€ Millions

Year 2023	Notes	Balance at 01.01.2023	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12.31.2023
Assets							
Exploration and evaluation assets	23	506	3	(157)	(17)	(1)	334
O&G proved reserves (B.C.)		920	—	(665)	(32)	—	223
Total O&G assets		*1,426*	*3*	*(822)*	*(49)*	*(1)*	*557*
Concesions, patents and licences		121	7	—	(1)	1	128
Computer software		417	59	(3)	—	(4)	469
Other intangible assets		936	373	9	(8)	(347)	963
Total Assets		**2,900**	**442**	**(816)**	**(58)**	**(351)**	**2,117**
Amortisation							
Exploration and evaluation assets		(506)	(5)	158	18	1	(334)
O&G proved reserves (B.C.)		(895)	(2)	646	31	—	(220)
Total O&G assets		*(1,401)*	*(7)*	*804*	*49*	*1*	*(554)*
Concesions, patents and licences		(84)	(2)	—	—	—	(86)
Computer software		(308)	(33)	2	1	3	(335)
Other intangible assets		(294)	(14)	—	3	4	(301)
Total Amortisation		**(2,087)**	**(56)**	**806**	**53**	**8**	**(1,276)**
Impairments							
O&G proved reserves (B.C.)		(18)	—	—	15	—	(3)
Total O&G assets		*(18)*	—	—	*15*	—	*(3)*
Concesions, patents and licences		(1)	—	—	—	—	(1)
Other intangible assets		(136)	—	15	(10)	—	(131)
Total Impairments	13.3	**(155)**	**—**	**15**	**5**	**—**	**(135)**
Total O&G assets		*7*	*(4)*	*(18)*	*15*	—	—
Total other intangible		*651*	*390*	*23*	*(15)*	(343)	706
Intangible assets, net		**658**	**386**	**5**	**—**	**(343)**	**706**

(B.C. = Business combinations)

Intangible assets — € Millions

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		450	2	26	28	—	506
O&G possible or contingent reserves (B.C.)		21	—	—	1	(22)	—
O&G proven reserves (B.C.)		2,246	—	—	139	(1,465)	920
Total O&G assets		*2,717*	*2*	*26*	*168*	*(1,487)*	*1,426*
Concesions, patents and licences		117	1	1	2	—	121
Computer software		372	41	4	2	(2)	417
Other intangible assets		672	536	(24)	13	(261)	936
Total Assets		**3,878**	**580**	**7**	**185**	**(1,750)**	**2,900**
Amortisation							
Exploration and evaluation assets		(449)	(30)	—	(27)	—	(506)
O&G proven reserves (B.C.)		(975)	(6)	—	(59)	145	(895)
Total O&G assets		*(1,424)*	*(36)*	—	*(86)*	*145*	*(1,401)*
Concesions, patents and licences		(80)	(3)	—	(1)	—	(84)
Computer software		(267)	(40)	(1)	(1)	1	(308)
Other intangible assets		(274)	(14)	(1)	(5)	—	(294)
Total Amortisation		**(2,045)**	**(93)**	**(2)**	**(93)**	**146**	**(2,087)**
Impairments							
O&G possible or contingent reserves (B.C.)		(21)	—	—	—	21	—
O&G proven reserves (B.C.)		(1,263)	—	—	(80)	1,325	(18)
Total O&G assets		*(1,284)*	—	—	*(80)*	*1,346*	*(18)*
Concesions, patents and licences		(1)	—	—	—	—	(1)
Other intangible assets		(128)	—	—	(8)	—	(136)
Total Impairments	13,3	**(1,413)**	**—**	**—**	**(88)**	**1,346**	**(155)**
Total O&G assets		*9*	*(34)*	*26*	*2*	*4*	*7*
Total other intangible		*411*	*521*	*(21)*	*2*	*(262)*	651
Intangible assets, net		**420**	**487**	**5**	**4**	**(258)**	**658**

(B.C. = Business combinations)

Additions

The additions to intangible assets recognised in 2023 and 2022, of EUR 442 million and EUR 580 million, respectively, are mainly due to the following additions:

- Investment in *Computer software* for EUR 59 million (2022: EUR 41 million), mainly due to the migration to SAP Hana.

- The free allocation (see **Note 19**) of CO2 emissions allowances in accordance with European regulations and targets of EUR 232 million (2022: EUR 199 million), net of impairment, and purchases of these allowances on the market for EUR 134 million (2022: 283 million) included in *Other intangible assets*.

- An investment of EUR 4 million (2022: EUR 48 million) in an exploratory drilling programme in Block 53 in deepwater off Suriname, one of the areas with the highest potential identified in recent years, in which we have a 25% interest, is included in *Other intangible assets*.

Also included are additions of EUR 18 million and EUR 6 million in 2023 and 2022, respectively, related to capitalised expenses which have been credited to the corresponding items in the consolidated Income Statement.

Transfers

In 2023, the net amount of the Transfers heading of EUR 5 million, relates mainly to assets Held for Sale (see **Note 5.2**).

Other changes

The column *Other changes* mainly reflects the impact of exchange rate fluctuations against the euro in some of the foreign subsidiaries.

Retirements or Disposals

The column *Disposals* includes disposals related to CO2 emissions allowances, both annual deliveries for rights used in previous years and sales to the market (see section Greenhouse gas emissions allowances). Additionally in 2022, there were disposals of assets due to the liquidation of the company "Cepsa Energy Company International, Ltd" which were fully impaired.

Other intangible assets

The item *Other intangible assets* includes, but is not limited to, the following particularly significant assets of certain Group companies at the end of 2023:

- Payments made by the subsidiary "Cepsa Comercial Petróleo, S.A.U." to the Dealer Owned, Dealer Operated (DODOs) service stations for flagging, for a gross amount of EUR 201 million, of which EUR 126 million accumulated amortisation amounted to;
- Strategic positioning of service stations for a gross amount of EUR 149 million and an accumulated amortisation of EUR 34 million;
- Right of first refusal to use the Central Pipeline of Colombia, for a gross value of EUR 208 million, fully amortised and impaired;
- Greenhouse gas emissions allowances in companies with industrial facilities, for a gross value of EUR 252 million. The year-end balance and movements in 2023 and 2022 are as follows:

Greenhouse gas emissions allowances — € Millions

	2023		2022	
	€ Millions	Millions of metric tons	€ Millions	Millions of metric tons
Opening balance	**229**	**4**	**8**	**—**
Asignments / acquisitions	366	5	482	9
Deliveries / disposals	(343)	(5)	(261)	(5)
Closing balance	**252**	**4**	**229**	**4**

The average cost of allowances purchased in 2023 was 82.83 euro/tonne (52.37 euro/tonne in 2022).

Current regulations require the Group to deliver CO2 emissions allowances in the first months of the following year, equivalent to the emissions produced during the year. The Group delivered EUR 343 million and EUR 254 million in 2023 and 2022, respectively. Additionally, a write-off of EUR 7 million was recognised in 2022 for allowances sold.

Impairment

In 2023 and 2022 there were no additions or write-offs due to impairment.

In 2023 there were no disposals. In 2022, there were write-offs amounting for a gross value of EUR 1,346 million, mainly related to 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. The company was liquidated in 2022.

Accumulated impairment losses at 31 December 2023 amounted to EUR 135 million, corresponding mainly to the right of first refusal to use the Central Pipeline of Colombia, a right contributed by "Cepsa Colombia, S.A.".

Other disclosures

At 31 December 2023 and 2022, the Group had purchase commitments for intangible assets of EUR 14 million and EUR 50 million, respectively.

At 31 December 2023 and 2022, fully amortised intangible assets still in use totalled EUR 857 million and EUR 1,134 million, respectively.

At 31 December 2023 and 2022, intangible assets of an indefinite useful life had a net value of EUR 29 million and EUR 28 million respectively.

9. Goodwill on consolidation

ACCOUNTING POLICIES

*See **Note 4.2** for the recognition and calculation of the goodwill arising on business combinations.*

The fair value of the net assets acquired includes the fair value of the assets and liabilities that are identifiable and meet the other recognition criteria, as well as contingent liabilities that can be reliably measured based on the information available at the time of measurement.

In accordance with IFRS 3 and IAS 36, goodwill is not amortised, but is tested for impairment annually, or more frequently if there is an indication of impairment.

Goodwill is regarded as an asset of the acquired company. Accordingly, goodwill denominated in foreign currencies relating to foreign entities with a functional currency other than the euro is translated into euro at the exchange rates prevailing at the date of the consolidated Balance Sheet, and any resulting differences are recognised as translation differences.

Impairment tests are performed on cash-generating units to which goodwill has been allocated in order, to verify the recoverability of the carrying amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised as an expense under Impairment and gains or losses on disposals of non-current assets in the consolidated Income Statement.

The breakdown of Goodwill on consolidation, disclosed by business unit, in 2023 and 2022 is as follows:

Consolidated goodwill

€ Millions

Year 2023

Cash Generating Units	Balance at 01.01.2023	Additions	Others	Balance at 12.31.2023
CGU Chemical LAB/LAS	17	—	1	18
CGU Energy Solutions	90	—	—	90
Total	**107**	**—**	**1**	**108**

Year 2022

Cash Generating Units	Balance at 01.01.2022	Additions	Others	Balance at 12.31.2022
CGU Chemical LAB/LAS	15	—	2	17
CGU Energy Solutions	90	—	—	90
Total	**105**	**—**	**2**	**107**

The *Others* 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 recognised in 2023 and 2022. The recoverable amount of the business units was determined on the basis of their value in use, calculated in accordance 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 recognised at acquisition cost, which comprises the purchase price and transaction costs. For the acquisition, construction, or production of certain qualifying assets (i.e. assets that take a substantial period of time to get ready for use or sale), other directly attributable costs such as labour costs, financing costs, and other items incurred until the asset is substantially ready for use or sale, are added to the cost of the asset.

*Where appropriate, the estimated present value of the decommissioning costs to be borne by the CEPSA Group is also recognised (see **Note 21**).*

Assets acquired before 31 December 2003 were revalued, where appropriate, in accordance with the legislation in force.

Costs of expansion, modernisation or improvements that increase productivity, capacity or efficiency or extend the useful life of assets, are capitalised as additional costs and form part of the cost of acquisition when incurred. Repair, conservation and maintenance costs are charged to the consolidated Income Statement as incurred.

Assets and items retired are accounted for by derecognition of both their cost and accumulated depreciation.

*At each balance sheet date, the Group assesses whether there is any indication that an asset not included in a CGU may be impaired. If any such indication exists, the asset is tested for impairment and, if necessary, an impairment loss is recognised (see **Note 13**).*

The Group depreciates its property, plant and equipment, net of their residual values, on a straight-line basis, i.e., by allocating the cost of the assets over their estimated useful lives.

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

Tank heel inventory

*As indicated in **Note 14**, the volume of crude oil and products held in stock at the bottom of tanks below the point of discharge is not considered part of the operating inventory, but rather a fixed asset inherent in the company's operations. As such, it should be recorded as Property, plant and equipment - Technical installations.*

This volume of crude oil and product remains part of the fixed assets as long as it is stored in the tank bottom. When a tank is emptied for inspection or repair, the entire contents are transferred to other tanks, discharged into the production system or shipped for sale. At this point, the volume considered to be the tank bottom is also removed and sent to the appropriate use and destination. In the case of crude oil, some of this volume is discarded as it is not suitable for production. In the case of products, the tank bottom is generally considered to be in its entirety.

This crude oil and product transferred from inventories at the time of first recognition was valued at the cost of the inventories at the time of transfer (1 January 2020). It is considered a non-depreciable asset, except for the portion of crude oil estimated to be discarded when at the tank is emptied (generally 10% of the tank bottom volume). The value corresponding to this disposable volume is depreciated on a straight-line basis over the expected period between tank overhauls, estimated at 15 years for crude oil tanks and 20 years for product tanks.

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

In future, when an decommissioned tank is brought back into service, the volume of crude oil or product corresponding to the tank heel will be calculated at the inventory cost at the date of the transfer and a further transfer from Inventories to Property, plant and equipment will be recorded.

Finally, for impairment purposes, the value of these tank heels is included as part of the assets corresponding to the Energy Solutions CGU.

The breakdown of the gross investments in Property, Plant and Equipment, accumulated depreciation and impairment for 2023 and 2022 is as follows:

Property, plant and equipment

€ Millions

Year 2023	Notes	Balance at 01.01.2023	Additions or Charge for the year	Transfers	Other changes	Retire-ments or Disposals	Balance at 12.31.2023
Assets							
Land and structures		548	4	(63)	(7)	(2)	480
Plant and machinery		9,853	18	157	(26)	(195)	9,807
Oil & Gas Assets		2,693	23	(750)	(77)	(61)	1,828
Other facilities, furniture		132	1	(47)	(2)	—	84
Advances and property, plant and equipment under construction		710	581	(325)	8	(5)	969
Other property, plant and equipment		1,301	6	11	(29)	(768)	521
Total Assets		**15,237**	**633**	**(1,017)**	**(133)**	**(1,031)**	**13,689**
Depreciation							
Land and structures		(165)	(11)	29	2	2	(143)
Plant and machinery		(7,025)	(391)	168	9	187	(7,052)
Oil & Gas Assets		(2,161)	(61)	610	43	61	(1,508)
Other facilities, furniture		(114)	(5)	48	2	—	(69)
Other property, plant and equipment		(444)	(27)	3	3	80	(385)
Total depreciation		**(9,909)**	**(495)**	**858**	**59**	**330**	**(9,157)**
Impairments							
Land and structures		(1)	—	—	1	(1)	(1)
Plant and machinery		(282)	(3)	—	72	5	(208)
Oil & Gas Assets		(153)	—	88	(54)	1	(118)
Other property, plant and equipment		(709)	—	—	18	691	—
Total Impairments	13.3	**(1,145)**	**(3)**	**88**	**37**	**696**	**(327)**
Property, plant and equipment, net		**4,183**	**135**	**(71)**	**(37)**	**(5)**	**4,205**

Property, plant and equipment — € Millions

Year 2022	Notes	Balance at 01.01.2022	Additions or Charge for the year	Transfers	Other changes	Retire-ments or Disposals	Balance at 12.31.2022
Assets							
Land and structures		506	1	43	—	(2)	548
Plant and machinery		9,241	14	565	87	(54)	9,853
Oil & Gas Assets		4,554	124	(2,117)	132	—	2,693
Other facilities, furniture		131	—	4	4	(7)	132
Advances and property, plant and equipment under construction		576	388	(253)	7	(8)	710
Other property, plant and equipment		1,236	13	8	46	(2)	1,301
Total Assets		**16,244**	**540**	**(1,750)**	**276**	**(73)**	**15,237**
Depreciation							
Land and structures		(154)	(12)	1	(1)	1	(165)
Plant and machinery		(6,477)	(366)	(210)	(19)	47	(7,025)
Oil & Gas Assets		(2,247)	(192)	359	(81)	—	(2,161)
Other facilities, furniture		(111)	(6)	—	(4)	7	(114)
Other property, plant and equipment		(404)	(26)	(2)	(5)	(7)	(444)
Total depreciation		**(9,393)**	**(602)**	**148**	**(110)**	**48**	**(9,909)**
Impairments							
Land and structures		(1)	—	—	—	—	(1)
Plant and machinery		(285)	(10)	(4)	1	16	(282)
Oil & Gas Assets		(326)	—	187	(24)	10	(153)
Other property, plant and equipment		(671)	—	—	(42)	4	(709)
Total Impairments	13.3	**(1,283)**	**(10)**	**183**	**(65)**	**30**	**(1,145)**
Property, plant and equipment, net		**5,568**	**(72)**	**(1,419)**	**101**	**5**	**4,183**

Additions of assets

The additions of new assets in 2023 and 2022 amounted to EUR 633 million and EUR 540 million, respectively, and are included in the column *Additions*. The following should be noted:

- In the Exploration & Production segment: capital expenditure for the development or expansion of activities amount to EUR 22 million in 2023 and EUR 29 million in 2022, mainly for the development of the Algerian and Colombian fields.

- In the Energy Solutions segment, mainly: investments for the replacement of the Torre Arenillas polyduct at Palos de la Frontera; maintenance shutdowns of units and GHG reduction projects at Palos de la Frontera and San Roque. Of note are the additions at the San Roque Energy Park, located in the Bay of Algeciras, which exceed EUR 109 million and EUR 65 million in 2023 and 2022 respectively, and those at the La Rábida Energy Park, which exceed EUR 105 million and EUR 100 million in 2023 and 2022 respectively.

  On the other hand, EUR 61 million was invested in renewable electricity generation equipment, EUR 47 million in electric charging equipment at service stations and more than EUR 105 million to maintain or improve market share in markets such as service stations.

- In the Chemical segment: investments in the phenol plant upgrade project in China and environmental and decarbonisation projects at our sites are noteworthy, with total investments in the segment amounting to more than EUR 78 million and EUR 68 million in 2023 and 2022, respectively.

These amounts include capitalised overheads related to the start-up phase of various items of *Property, plant and equipment*, which have been credited to the income statement. They amount to EUR 34 million and EUR 27 million in 2023 and 2022, respectively. There are no material amounts of a financial nature.

Transfers

In 2023, the *Transfers* column includes EUR 74 million corresponding to withdrawals from the assets of companies held for sale (see **Note 5.2**). In addition, he line Plant and machinery includes EUR 12 million corresponding to the value of the permanent inventories in tanks reclassified from *Inventories*, Crude oil and finished products

In 2022, the net amount in the Transfers column of EUR 1,419 million, mainly includes the transfer of the assets of the Sateh Al Razboot and Umm Lulu fields in Abu Dhabi to held for sale for a net amount of EUR 1,584 million (see **Note 5.2.B**). Additionally, EUR 151 million corresponding to the reversal of the assets of the businesses classified as held for sale transferred in 2021, EUR 4 million transferred as depreciation and amortization to *Property, plant and equipment* and *Rights of use* (see **Note 8**) and finally, EUR 18 million corresponding to the value of the permanent inventories in tanks reclassified from *Inventories*, Crude oil and finished products.

Other changes

The column *Other changes* mainly reflects the impact of exchange rate movements against the euro of companies with a different functional currency.

Derecognitions

The *Derecognitions* column includes in 2023 the liquidation of the fully depreciated and impaired assets in "Mopu Holdings (Singapore), Pte Ltd" assets for a gross amount of EUR 771 million, the replacement of the fully depreciated catalysts in the La Rábida Energy Park for a gross amount of EUR 45 million, oil and gas assets in Colombia, transferred to Ecopetrol and fully depreciated, for an amount of EUR 58 million, as well as assets under construction from failed Renewable energy projects for an amount of EUR 5 million.

Derecognition in 2022 were mainly due to: the replacement of various assets in the La Rábida Energy Park for an amount of EUR 37 million, almost fully depreciated; the disposal of "Cepsa Energy Company International, Ltd" for EUR 11 million, which were fully depreciated; and the disposal of assets related to dismantling of fields in "Cepsa Colombia, S.A." for EUR 15 million, fully depreciated.

Impairment

The movements in 2023 are mainly due to provisions in "Generadora Eléctrica Peninsular , S.A." for the technical facilities of the Gegsa I plant of EUR 2 million, and reversals in "Cepsa Comercial Petróleo, S.A.U." for the service station business of EUR 4 million (see **Note 13**).

The remaining disposals are mainly due to the liquidation of the assets of "Mopu Holdings (Singapore), Pte Ltd", which were fully depreciated and impaired.

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

Other disclosures

At 31 December 2023 and 2022, the Group had purchase commitments of elements in Property, plant and equipment amounting to EUR 1,184 million and EUR 1,051 million respectively, mainly related to exploration and production investments in Algeria.

At 31 December 2023 and 2022, no material items of Property, plant and equipment have been pledged to secure compliance with obligations relating to the ownership thereof.

At 31 December 2023 and 2022 fully depreciated property, plant, and equipment still in use totalled EUR 5,158 million and EUR 5,878 million respectively. All of these assets relate to facilities in use and are not depreciated as part of the equipment involved.

Certain companies of the CEPSA Group have been granted administrative concessions by the Spanish Government to use mooring facilities, access roads and adjacent areas in the ports of Algeciras-La Línea –which will expire in 2027– and Palos de la Frontera –which will expire between 2027 and 2061–. The Management of the CEPSA Group considers that it is not necessary to recognise a provision for the decommissioning of these investments, since they are adequately maintained and the concessions are expected to be renewed. For similar facilities in the Port of Santa Cruz de Tenerife, those in the Tenerife Energy Park are to revert to the State in 2027, and will not be renewed, while those in the Dique del Este, on the other hand, have been renewed until 2041.

The Group has taken out insurance policies to cover the possible risks to which its various items of Property, plant and equipment are exposed, as well as possible claims that may arise in the course of its business, on the basis that these policies adequately cover the risks to which they are exposed.

11. Rights of use

ACCOUNTING POLICIES AND PROCEDURES

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

*The Group assesses whether a contract is or contains a lease at the inception of the contract. The Group recognises the right of use and the corresponding lease liability for all leases in which it is a lessee, except for the excluded leases (see **Note 24** for debt recognition and excluded leases).*

Where the Group incurs an obligation to pay for the costs of decommissioning and removal of the leased asset, the restoration of the site on which the leased asset is located or the restoration of the underlying asset to the condition required by the lease terms, a provision is recognised and measured in accordance with IAS 37. To the extent that such costs relate to a right-of-use asset, they are included in the cost of the right-of-use asset, except when such costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. Where a lease transfers ownership of the underlying asset or where the cost of the right-of-use asset indicates that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation commences at the inception of the lease.

Right-of-use assets are presented as a separate line item in the consolidated Balance Sheet.

Impact on Group Accounting as a Lessee

Operating leases arranged prior to adoption of IFRS 16

*On adoption of IFRS 16, for all leases (other than low value or short-term leases – see **Note 24**), the Group:*

- *Recognises right-of-use assets and lease liabilities in the consolidated Balance Sheet, initially measured at the present value of the future lease payments;*
- *Recognises depreciation of the right of use asset and interest on the lease liability in the consolidated Income Statement.*
- *Separately discloses the total of principal and interest payments (both included in financing activities) in the consolidated Statement of Cash Flow.*

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

Finance leases

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

Since the adoption of IFRS 16, the Group recognises assets acquired under finance leases, previously included in property, plant, and equipment, in the line item for Non-current assets - Rights of use, net; and the lease liability, previously included in borrowings, is presented in separate lines for lease liabilities, in both non-current and current liabilities.

Impairment

*The Group applies IAS 36 to determine whether a right of use asset is impaired and recognises any impairment loss identified as described in **Note 13**.*

Impact on the consolidated Statement of Cash Flow.

IFRS 16 requires lessors to disclose:

• short-term lease payments, low-value lease payments, and variable lease payments not included in the liabitility measurement for leases as part of operating activities;

• payments for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has elected to classify interest payments as part of financing activities); and

• payments for the principal portionof lease liabilities, as part of the financing activities.

The changes in *Rights of use* item over the course of 2023 and 2022 are shown in the following table:

Rights of use — € Millions

Year 2023	Balance at 01.01.2023	Additions or Charge for the year	Transfers	Other changes	Retire-ments or Disposals	Balance at 12.31.2023
Assets						
Land and structures	769	135	(1)	—	(19)	884
Plant and machinery	210	18	—	(3)	(11)	214
Other property, plant and equipment	199	28	—	(5)	(8)	213
Total Assets	**1,178**	**181**	**(1)**	**(8)**	**(38)**	**1,312**
Depreciation						
Land and structures	(292)	(98)	—	(1)	7	(384)
Plant and machinery	(116)	(30)	—	—	9	(137)
Other property, plant and equipment	(103)	(32)	—	3	3	(129)
Total depreciation	**(511)**	**(160)**	**—**	**2**	**19**	**(650)**
Total rights of use	**667**	**21**	**(1)**	**(6)**	**(19)**	**662**

Rights of use — € Millions

Year 2022	Balance at 01.01.2022	Additions or Charge for the year	Transfers	Other changes	Retire-ments or Disposals	Balance at 12.31.2022
Assets						
Land and structures	662	117	—	—	(10)	769
Plant and machinery	194	21	—	(1)	(4)	210
Other property, plant and equipment	171	20	—	9	(1)	199
Total Assets	**1,027**	**158**	**—**	**8**	**(15)**	**1,178**
Depreciation						
Land and structures	(204)	(87)	(2)	—	1	(292)
Plant and machinery	(92)	(29)	2	—	3	(116)
Other property, plant and equipment	(69)	(31)	—	(3)	—	(103)
Total depreciation	**(365)**	**(147)**	**—**	**(3)**	**4**	**(511)**
Total rights of use	**662**	**11**	**—**	**5**	**(11)**	**667**

Additions

During 2023, EUR 181 million was added to leases, mainly related to additions, revaluations and term extensions of service station contracts, additions to concession contracts and additions to transport assets (ships and barges).

In 2022, EUR 158 million, mainly related to additions, revaluations and extensions of service station contracts, additions to concession contracts, additions to the vessel Tosca and additions to some offices in Madrid, mainly under Land and buildings and Technical equipment and machinery.

Derecognitions

Lease contracts totalling EUR 38 million were terminated during 2023, mainly as a result of the expiry and cancellation of service station agreements, mainly in the *Land and structures* and *Plant and machinery*.

Right of use assets and lease liabilities have a tax treatment that is 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 initially recognised when they are incurred. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, the Group measures financial assets at their fair value plus, in the case of a financial asset that is not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. For financial assets at fair value through profit or loss (FV-TPL) the transaction costs are recognised in the consolidated Income Statement..

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 the purpose of subsequent measurement, financial assets are classified into four categories:

I. Financial assets measured at amortised cost

This is the most relevant category for the Group. The Group measures financial assets at amortised cost when both of the following conditions are met:

- *financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows, and*
- *the contractual terms of the financial asset give rise to cash flows at specified dates that consist solely of payments of principal and interest on the principal amount outstanding*

Interest income on these financial assets is recognised in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognised immediately in the consolidated Income Statement.

II. Financial assets measured at fair value through other comprehensive income (FV-OCI) (debt instruments)

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

- *The financial asset is held as part of a business model with the objective of both generating contractual cash flows and selling them, and*
- *the contractual terms of the financial asset give rise to cash flows at specific dates that are solely payments of principal and interest on the principal amount outstanding*

The Group's debt instruments recognised at FV-OCI include the sub-portfolio of trade receivables subject to potential securitisation.

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

The Group may irrevocably designate its equity investments as fair value through OCI. The classification is determined on an instrument by instrument basis. The Group has elected not to designate any investments in this category.

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

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

Upon initial recognition, an asset does not change category unless the Group changes its business model for managing its financial assets.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI on a forward-looking basis. The impairment methodology used 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 the recognition of expected lifetime losses from the initial recognition of the assets.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated Balance Sheet) principally 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 ownership 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 retain substantially all the risks and rewards of ownership and retains the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may be required to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a liability for the cash flows received.

When a financial asset carried at amortised cost is derecognised, the difference between the carrying amount of the asset and the consideration received and receivable is recognised in the consolidated Income Statement. In addition, when an investment in a debt instrument classified as a financial asset at fair value through other comprehensive income is derecognised, the gain or loss previously accumulated in the revaluation reserve for investments is reclassified to the consolidated Income Statement. Conversely, on derecognition of an investment in a debt instrument that the Group designated at inception as fair value through other comprehensive income, the cumulative gain or loss previously recognised in the investment revaluation reserve for investments is transferred to reserves rather than to the consolidated Income Statement.

The breakdown of the Financial Assets, other than cash and cash equivalents, by nature and valuation category as at 31 December 2023 and 2022 is as follows:

Financial assets by type / category

€ Millions

		Financial assets valued at				
Year 2023	Notes	VR - TPL	Amortised cost	VR - OCI	Hedging derivatives	Total
Equity instruments		8	—	—	—	8
Loans		—	17	—	—	17
Derivatives	30	11	—	—	14	25
Other Finance assets		—	34	—	—	34
Non current		**19**	**51**	**—**	**14**	**84**
Loans		—	25	—	—	25
Derivatives	30	28	—	—	28	56
Other Finance assets		—	26	—	—	26
Subtotal		28	51	—	28	107
Trade and accounts receivable	15	—	2,285	241	—	2,526
Current		**28**	**2,336**	**241**	**28**	**2,633**
Total		**47**	**2,387**	**241**	**42**	**2,717**

		Financial assets valued at				
Year 2022	Notes	VR - TPL	Amortised cost	VR - OCI	Hedging derivatives	Total
Equity instruments		4	—	—	—	4
Loans		—	16	—	—	16
Derivatives	30	47	—	—	74	121
Other Finance assets		—	24	—	—	24
Non current		**51**	**40**	**—**	**74**	**165**
Loans		—	12	—	—	12
Derivatives	30	19	—	—	31	50
Other Finance assets		—	131	—	—	131
Subtotal		19	143	—	31	193
Trade and accounts receivable	15	—	2,285	303	—	2,588
Current		**19**	**2,428**	**303**	**31**	**2,781**
Total		**70**	**2,468**	**303**	**105**	**2,946**

Note: FVTPL Financial assets at fair value through profit and loss
FVTOCI Financial assets at fair value through other comprehensive income.

The balances and movements in the *Financial Assets* accounts for 2023 and 2022, excluding trade receivables, are as follows:

Financial Assets - Variations

€ Millions

Year 2023	Notes	Balance at 01.01.2023	Additions	Transfers	Other charges	Disposals	Balance at 12.31.2023
Other non-current loans		23	2	—	—	(1)	24
Other non-current financial assets		150	13	—	—	(96)	67
Impairment	13	(8)	—	1	—	—	(7)
Total non-current		**165**	**15**	**1**	**—**	**(97)**	**84**
Other current loans		23	7	—	15	(18)	27
Other current finance assets		181	10	—	(3)	(106)	82
Impairment	13	(11)	—	—	—	9	(2)
Total current		**193**	**17**	**—**	**12**	**(115)**	**107**

Year 2022	Notes	Balance at 01.01.2022	Additions	Transfers	Other charges	Disposals	Balance at 12.31.2022
Non-current loans to associates and joint ventures		31	—	—	(5)	(26)	—
Other non-current loans		23	—	—	1	(1)	23
Other non-current finance assets		74	84	—	3	(11)	150
Impairment	13	(8)	—	—	(1)	1	(8)
Total non-current		**121**	**84**	**—**	**(2)**	**(37)**	**165**
Current loans to associates and joint ventures		4	32	—	2	(38)	—
Other current loans		28	10	—	—	(15)	23
Other current finance assets		209	79	—	4	(111)	181
Impairment	13	(10)	(1)	—	—	—	(11)
Total current		**231**	**120**	**—**	**6**	**(164)**	**193**

In response to the crisis caused by COVID-19 and within the framework of IFRS 9, corrections in the model were made in 2020 to mitigate the impact of the change in the estimated solvency of debtors. In this respect, and despite the fact that collections have been at a very positive level, the probability of default was increased in the mathematical model that calculates the appropriate amounts to be provisioned, in line with the indications observed during the 2007/08 crisis. Due to the current instability caused by the geopolitical situation between Russia and Ukraine, these measures remained in place until 2022.

In 2023, due to the improvement in the global economy, the probability of default has been reversed to values before the pandemic. The impact on the consolidated Balance Sheet and Income Statement in 2023 is not significant.

For the remaining loans, there is no new evidence of impairment in 2023.

In 2022, non-current/current loans to associates and joint ventures include both loans to associates and loans to jointly controlled entities. In 2023 there are no such balances.

Additions to *Other non-current financial assets* consist mainly of additional guarantees linked to exploration and production projects. In the same item, the disposals are mainly due to the mark-to-market of derivatives and their reclassification as current.

In *Other current finance assets*, the disposals are mainly due to the reduction of the guarantees required by the clearing houses, as the risk exposure to them has been reduced during 2023.

The maturity analysis of the balances of *Other loans*, as at 31 December 2023 and 2022, is as follows:

Maturity of financial assets € Millions

Year 2023	2024	2025	2026	2027	2028	Over 5 years	Total
Other loans	26	14	1	2	3	5	51
Total	**26**	**14**	**1**	**2**	**3**	**5**	**51**

Year 2022	2023	2024	2025	2026	2027	Over 5 years	Total
Other loans	23	12	1	1	1	8	46
Total	**23**	**12**	**1**	**1**	**1**	**8**	**46**

The average interest rate applied by CEPSA to loans granted to related parties in 2023 and 2022 was similar to the average cost of external financing for the same type of transaction.

13. Impairment of assets

ACCOUNTING POLICIES

At each balance sheet date, or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Group assesses whether there is any indication that the carrying amount of the asset, and in particular, certain items of property, plant and equipment, intangible assets or investments in associates and joint ventures, may be impaired due to circumstances such as a decline in the price of crude oil, expected losses, reduction in activity or national crisis, and, if so, makes an estimate of the asset's recoverable amount.

In addition, and irrespective of the existence of any indication, the carrying amount of intangible assets with indefinite useful lives, those not available for use and goodwill, their book value is compared at least annually with their recoverable amount (see ***Notes 4.4, 8 and 9****).*

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If the asset does not generate cash flows that are independent of those from 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 one of the various contract areas commonly referred to as "blocks"; in exceptional cases, where the cash flows generated by several blocks are interdependent, these blocks are combined into a single CGU, as in the case of the Algerian CGU.*
- *Energy Solutions: includes the Energy Parks, Mobility & New Commerce and Commercial & Clean Energies businesses, which are considered as a single CGU due to the interdependency of flows throughout the production process. However, the gas and power area is excluded from this treatment, where each asset corresponds to a CGU, as they are remunerated individually by the Spanish government, except for those that have reached the end of their useful life, which form a single CGU.*

In order to perform the above-mentioned impairment test, the carrying amount of the CGU:

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

b. does not include the carrying amount of any recognised liability, unless the recoverable amount of the CGU cannot be determined without considering that liability.

c. In the case of Exploration and Production assets, the expected costs of decommissioning and restoration are included in both the carrying amount and the value in use of the assets.

Goodwill acquired in a business combination is allocated to each CGU or group of CGUs that sill benefit from the synergies of the business combination. An estimate of the recoverable amount of the CGU is made at the business segment level.

*However, as the segments (see **Note 6**) are broader than the above CGUs, their cash flows are considered separately for the impairment testing of goodwill associated with these segments.*

The recoverable amount 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 post-tax cash flows from the operation of these assets, and*
- *the fair value less costs to transfer or dispose of the assets associated with the CGU.*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, it is written down to its recoverable amount and an impairment loss is recognised as an expense, in the consolidated Income Statement under Impairment and gains or losses on disposals of non-current assets.

Reversal of impairment losses

Impairment losses recognised in prior years may be reversed to the original carrying amount of the asset, except those recognised 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, recognising 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 recognised for the asset (or CGU) in prior years. An impairment loss previously recognised for goodwill is not reversed.

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

At the end of 2023, the Group has assessed whether there is any indication of impairment or reversal of impairment of assets recognised in the Group's Balance Sheet:

- In Algeria (Exploration and Production segment), in the Timimoun field, the change in the natural gas sales price was considered to be an indication for a reversal of the impairment, despite the increase in investments this year. Following this review, no impairment was recognised.

- In the Chemicals CGU, the general decline in demand for these products was considered to be an indication of impairment of these assets. The assets in Spain, Brazil, Indonesia and China were tested for impairment and no impairment was recorded.

- For the Energy Solutions CGU, no indications of impairment or reversal of an impairment loss were identified. The evolution of the fuel market and CEPSA's commitment to the transition to low emissions and new fuels ensure the continuity and profitability of the Energy Solutions business as a supplier of energy products to new and future markets.

- With regard to the gas and electricity assets, the impairment test was performed for each CGU due to the volatility of the electricity market and the high gas prices during the year, which were considered to be an indication of impairment. An impairment loss of EUR 3 million was recognised for only one of the plants.

We have determined the financial impacts of the relevant risks assessed under three defined climate scenarios and three time horizons. We improved our risk analysis in 2023 and updated our financial impact calculations; by better aligning the climate scenarios and calculation criteria we obtained more coherent findings.

The scenario with the lowest impact on our cash flow is the 1.5ºC scenario in which we leverage our leadership in the energy transition. The biggest financial impact would derive from the scenario of greatest global warming in which the targets announced by the public sector are not met and our leadership is not acknowledged by society or the market. Uncertainty around regulations, social demand and technology is higher in the 2040 scenario.

The differences in financial impact between the various scenarios over the three time horizons are low (around 10% on average), evidencing the resilience of the Positive Motion strategy on.

13.2. Hypotheses and estimates used to calculate impairment in 2023

A) CASH FLOWS

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-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 2024 Budget and updated long-term plan.

In general terms, the cash flow projections are based on the best available estimates of revenues, expenses and investments of the various cash generating units (CGUs), using industry forecasts, past experience and future expectations of business evolution and market developments. 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 that reflect the Group's own forecasts, based on relevant external information available (consultants and specialised 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 the various CGUs in the Exploration and Production business, in order to reflect expectations of possible cash flows rather than of a single most probable cash flow. For this purpose, two price scenarios have been considered as explained below.

These future projections cover the next five years, except for Exploration and Production, and include a residual value appropriate to each business, applying a constant expected growth rate that varies between 0% and 2.5%, based on the expected long-term CPI and the expected growth of the country (GDP) specific to each business under review. For the purpose of calculating residual values, only capital expenditure for maintenance and any capital expenditure required to upgrade or refurbish the asset or CGU in order to maintain its productive capacity is taken into account.

Valuations of Exploration & Production assets are based on cash flow projections for a period that covers the economically productive life of the oil and gas fields, limited by the contractual expiry of the operating permits, agreements or contracts. The general principles used 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 asset are those used in the Group's 2024 Budget and long-term plan. These estimates are based on assessments made by international agencies and other market participants. The pathway has been developed using macroeconomic, financial and market information and available analyst forecasts and considers energy transition and decarbonisation scenarios that are consistent with the objectives of the Paris (COP 21), Glasgow (COP 26) and Dubai (COP 28) Climate Summits.

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

- Scenario 1 (75% weighted): The prices considered are USD 80 per barrel for each year for the period from 2024 to 2030. Thereafter, prices are increased by a 2% CPI. The quoted Brent crude oil price is used as the base price, and the other international prices are calculated using differentials.

- Scenario 2 (25% weighted): Using a price curve, between 79 and 83 dollars per barrel for the period 2024 to 2030, after which prices increase annually by the same CPI as that used in scenario 1.

The 75/25 weighting takes into account the current price scenario.

Reserves and production schedules

A long-term development plan with an annualised production schedule is established for each asset. This production profile uses the best estimate of probable and proved reserves (2P) and, where applicable, contingent resources (2C), weighted by associated risk factors. See **Note 3.A** for a description of the hydrocarbon reserves estimation process.

Operating and investment costs (Opex and Capex)

For Exploration and Production assets, the development plan prepared for each asset considers the investment required to produce the estimated reserves and resources. For both capital and operating expenditures, an inflation rate is applied, where applicable, depending on the country in which the asset is located, in accordance with current purchase contracts and best estimates.

B) DISCOUNT RATE

In order to calculate the present value of these cash flows, they are discounted at a post-tax rate equal to the *weighted average cost of capital* (WACC), adjusted for both country and business risk specific to each asset or CGU.

Below is a summary of the range of post-tax discount rates used for the assets or CGUs of each business in 2023 and 2022:

Discount rates used in impairment analysis - Segmented	2023	2022
Exploration & Production	10.5%-15.5%	10%-15.5%
Energy Solutions	7%-9%	7.5%-8.0%
Chemical	7%-16%	9.5%-14.5%

The parameters used to determine the composition of the key discount rates above are as follows:

- Risk-free rate: normalised government bond yield corresponding to each geographical area or country. For dollar flows, the yield on the 20-year US Treasury bond at the end of December 2023 is used; for euro flows, the normalised yield on German government bonds is used, as recommended by the Kroll, Inc. methodology.
- Equity risk premium : 5.5% as a general rule.
- Country risk premium for the location of the asset.
- Beta: Calculated on the average of comparable companies for each business, deleveraged and re-leveraged according to a defined capital structure for each sector.
- Average cost of debt: Calculated as the sum of the risk-free rate, an average spread (calculated as the difference between the average cost of debt observed for a group of integrated O&G companies and the yield on 20-year US or German government bonds) and, where applicable, the country risk premium.
- Capital structure: Equity-to-debt ratio defined for each business, typically 25% debt and 75% equity.

These discount rates have been calculated taking into account the local currencies of the CGUs except for Exploration and Production and Indonesia Petrochemicals, which are in USD.

All data used in the calculation have been obtained from reputable external sources with a solid track record.

The post-tax discount rated used for the CGU in the countries where there is evidence of impairment existed in 2023 and 2022 are as follows:

Discount rates used in impairment analysis - CGU breakdown	2023	2022
Exploration & Production		
Algeria	14.5%-15.5%	14.5%-15.5%
Latam	10.5%-12.5%	12%-15%
Energy Solutions		
Spain	7%-9%	8.5%-10%
Chemical		
Europe	7%-7.5%	7.5%-8%
Brazil	9%-10%	11% - 12%
Canada	8%-9%	8.5%-9.5%
Nigeria	15.5%+16%	16%-16.5%
China	8.5%-9.5%	9.5%-10%
Indonesia	10.5%-11%	11,5%

13.3. Recognition of the impairment calculated in the accounting period

The CEPSA Group tests its assets and cash-generating units for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset or cash-generating unit may not be recoverable. The recoverable amount of the assets is estimated to perform the aforementioned impairment test as described above. Based on the above mentioned impairment tests performed, the breakdown of the impairment losses recognised in 2023 and 2022 is as follows:

Impairments of assets					€ Millions
		2023		2022	
	Notes	Charges for the year	Reversal	Charges for the year	Reversal
Property, plan and equipment	10	3	(5)	10	(15)
Other financial assets	12	—	—	1	(1)
Total		**3**	**(5)**	**11**	**(16)**
Registered under Impairment and gains or losses on disposals of non-current assets	23	3	(5)	10	(15)
Registered under Impairment and gains or losses on disposals of financial instruments	25	—	—	1	—
Applied to purpose		—	—	—	(1)
Total		**3**	**(5)**	**11**	**(16)**

The breakdown of impairments during years 2023 and 2022 by geographic area and segment is as follows:

		2023		2022	
Impairments of assets	Segment	Charges for the year	Reversal	Charges for the year	Reversal
Colombia	Exploration & Production	—	(1)	—	—
Abu Dhabi	Exploration & Production	—	—	—	(1)
Algeria	Exploration & Production	—	—	—	(9)
Spain	Gas & Power	2	—	—	—
Spain	Energy - Gas & Power	—	—	9	(4)
Others	Assorted	1	(4)	2	(2)
Total		**3**	**(5)**	**11**	**(16)**

The main impairment charges/reversals in 2023 were as follows:

- Charges of EUR 2 million corresponding to one cogeneration plant within Energy Solutions CGU.
- Reversals of EUR 4 million relating to the Mobility Business within Energy Solutions CGU.

In 2022, the main impairment charges/reversals made were as follows:

- Reversal of EUR 9 million relating to the Timimoun gas field in Algeria.
- Impairment charges of EUR 5 million relating to certain cogeneration and the combined cycle plants.

13.4. Sensitivity analysis

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

Specifically, the key relevant sensitivity analyses carried out in 2023 and 2022 for all CGUs were as follows:

	Increase in the impairment losses net of tax impact in the consolidated Financial Statements			
	2023		2022	
Impairment tests - sentitivity analysis	Variation	Amount	Variation	Amount
Discount rate increase	50 b.p.	—	50 b.p.	20
Decrease in price of crude oil	—	—	—	7
Average exchange rate decrease $ vs €	0.05 $/€	—	0.05 $/€	2

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

14. Inventory

ACCOUNTING POLICIES

Crude oil, oil derivatives and petrochemicals acquired as raw materials are stated at the lower of weighted average cost and net realisable value. Supplies, spare parts and other inventories are stated at the lower of average acquisition or production cost or net realisable value.

The cost of production includes direct material costs and, where applicable, direct labour costs, production overheads and a proportion of the depreciation of non-current assets used in the production process.

The Group assesses the net realisable value of the inventories at the end of each reporting year and recognises an impairment loss when the realisable value is lower than the carrying amount. Impairment losses are reversed when the circumstances that previously caused the impairment loss no longer exist or when there is clear evidence that the net realisable value has increased due to a change in economic circumstances. Reversals of inventory write-downs or reversals of inventory surpluses are included in the consolidated Income Statement as Changes in operating allowances.

Costs are allocated to refined products in proportion to the selling price thereof (isomargin method) due to the complexity of allocating production costs to each product.

The breakdown of *Inventories* as of December 31, 2023 and 2022 is as follows:

Inventories	€ Millions	
	2023	2022
Crudes	662	819
Other raw materials	162	243
Finished goods (refined and others)	1,354	2,988
Other supplies	36	54
Spare Parts	85	82
Impairment	(61)	(110)
Total	**2,238**	**4,076**

In accordance with the resolution of the Directorate-General for Energy Policy and Mining of 30 March 2009, CEPSA and other Group companies acting as operators are required to maintain minimum security stocks of petroleum products equivalent to 42.2 days of domestic sales for the previous 12 months, 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 (*Corporación de Reservas Estratégicas de Productos Petrolíferos*, CORES). The management of CEPSA considers that the consolidated Group has complied with this obligation.

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

At the end of 2022, *Finished Goods* included an amount of EUR 1,321 million corresponding to the fair value of the firm commitment to purchase gas at that date. Throughout 2023, the fair value hedge was gradually reduced until it was cancelled as the corresponding purchases were made and accounted for.

In 2023, EUR 13 million (2022: EUR 18 million), representing the value of the annual change in the permanent inventory in tanks was reclassified from *Inventories - Crudes*, and *Finished Products* to *PPE - Other property, plant and equipment.*

In 2023, reversals of impairment losses on raw materials and finished products of EUR 43 million, net, were recognised (2022: losses of EUR 96 million, net). These amounts are included in the consolidated Statement of Income in the caption *Changes in operating allowances*.

In 2023, the impairment loss on spare parts and other materials in the Group's refineries of EUR 6 million was fully reversed. There were no such movements in 2022.

15. Trade receivables and other current assets

The breakdown of *Trade and other operating receivables* for the years 2023 and 2022 is as follows (see **Note 29**):

€ Millions

Trade and other receivables	Notes	2023	2022
Trade receivables for sales and services		2,574	2,633
Receivable from associates and joint ventures	32	42	66
Advances to suppliers		10	15
Allowances for bad debts		(100)	(125)
Total	12	**2,526**	**2,589**

The movements in provisions for the years 2023 and 2022, which are included in the consolidated Income Statement under the item *Changes in operating allowances*, comprise the provisions for uncollectible trade receivables and trade debtors, and are as follows:

€ Millions

Allowances for bad debts	2023	2022
Balance at the beginning of the year	(125)	(118)
Additions	(10)	(34)
Applications	32	30
Other	3	(3)
Closing balance for the year	**(100)**	**(125)**

The Group has entered into various financial asset transfer agreements (factoring agreements and securitisation transactions, both on a non-recourse basis) with financial institutions. Under these agreements, the Group transfers euro and foreign currency denominated receivables to the financial institutions. Receivables that may be involved in securitisation or factoring transactions are now measured at fair value in accordance with IFRS 9 (see **Note 12**).

The breakdown of trade and other receivables in 2023 and 2022 is as follows:

€ Millions

Other current assets	2023	2022
Public Administration	103	159
Current income tax assets	33	167
Other non-trade receivables	8	27
Prepayments	21	14
Total	**165**	**367**

The *Public Administration* consists mainly of receivables from tax authorities for VAT and other taxes.

The heading *Current income tax assets* mainly relates to the Corporate Income Tax advanced by the Group in Spain in the form of advance payments, calculated on the basis of the accounting result (lower in 2023 than in 2022), in accordance with Article 40 of Law 27/2014, of 27 November, on Corporate Income Tax, and which will be reimbursed when the final tax calculated on the taxable income is presented in accordance with the conditions 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 with original maturities of three months or less.

The breakdown of cash and cash equivalents at end of year for 2023 and 2022 is shown below:

€ Millions

Cash and cash equivalents	2023	2022
Cash in hand	16	20
Time deposits	216	102
Current accounts	427	354
Total	**659**	**476**

17. Equity

17.1. Share capital and share premium

At year-end 2023 and 2022, the share capital amounted to EUR 268.175.000, represented by 536,350,000 registered shares of EUR 0.50 par value each, of the same class and series, fully subscribed and paid up. (See **Note 27**).

At 31 December 2023, the shares of CEPSA are mainly held by two shareholders (see **Note 1**):

- "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 Companies Act expressly permits the use of the balance of the share premium account balance to increase the share capital and does not impose any specific restrictions on its use. During 2023 and 2022, the balance of this account which amounted to EUR 352 million, did not change.

17.2. Revaluation reserve

In 1996, CEPSA revalued its property, plant and equipment in accordance with Royal Decree-Law 7/1996 of 7 June and increased its equity by EUR 58 million. This amount is included in *Revaluation reserve*, in Shareholders' Equity of the consolidated Balance Sheet.

Similarly, several companies in the Consolidated Group underwent this revaluation for an amount of EUR 70 million. The latter amount has been included in the *Global/Equity consolidation reserves* item, included in *Retained earnings*.

The Revaluation Reserve also includes EUR 32 million relating to the revaluations made in 1979 and 1981 in accordance with State Budget Laws 1/1979 and 74/1980, respectively, which can now be transferred to *Unrestricted reserves*.

The balance of the "Revaluation Reserve, Royal Decree-Law 7/1996" account may be used, free of tax, to offset recognised losses and to increase capital. From 1 January 2007 (i.e. 10 years after the date of the balance sheet reflecting the revaluation transactions), the balance of this account may be transferred to unrestricted reserves, provided that the monetary surplus has been realised. The surplus is deemed to have been realised in respect of that part which has been depreciated for accounting purposes or in respect of which the revalued assets have been transferred or derecognised. At 31 December 2022 the entire amount of this reserve is considered unrestricted.

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

17.3. Retained earnings

At year-end 2023 and 2022 year-end, the breakdown of the Balance of the heading *Retained earnings* is as follows:

€ Millions

Retained earnings	2023	2022
Unrestricted reserves	1,601	2,103
Legal reserves	54	54
Restricted reserves	590	590
Reserve treasury stock	(2)	(2)
Prior years losses	(2)	(785)
Global consolidation reserves	734	963
Equity consolidation reserves	34	(178)
Total	**3,009**	**2,745**

17.4. Adjustments for changes in value

At year-end 2023 and 2022, the breakdown by nature of the *Adjustments for changes in value* is as follows:

€ Millions

Adjustments for changes in value	Notes	2023	2022
Foreign currency conversion differences	17.4.A	395	766
Cost of hedging	17.4.B	(8)	(31)
Net investment hedge	17.4.B	(347)	(572)
Cash flow hedge	17.4.B	—	(13)
Total		**40**	**150**

A) FOREIGN CURRENCY TRANSLATION DIFFERENCES

At year-end 2023 and 2022, the breakdown, by company, of the balance of *Translation differences* is as follows:

€ Millions

Foreign currency conversion differences	2023	2022
Company		
CEC International Ltd.	(21)	(11)
Detén Química, S.A.	(45)	(55)
Cepsa Chemical (Shanghai), CO., LTD	16	21
Cepsa Perú, S.A.	15	22
Cepsa Colombia, S.A.	57	69
Mopu Holdings Ltd.	—	58
Coastal Energy Company S.L.U.	344	352
Cepsa ReR (Rhourde El Rouni)	9	41
Cepsa EP Abu Dhabi, S.L.U.	35	224
Cepsa Internacional, B.V.	10	37
Other companies	(25)	8
Total	**395**	**766**

The change in the balance under this heading from 2023 is mainly due to the fluctuation in the closing rate of the US dollar between the beginning and the end of the year as well as the impact of the divestment in the subsidiary "Abu Dhabi Oíl Co. Ltd" (ADOC).

B) HEDGE RESERVES

The Group recognises a number of hedges as part of its risk management policy, which are broken down as follows in terms of the relevant valuation adjustments for the years 2023 and 2022:

€ Millions

Hedge reserves	Cost of hedging			Net investment hedge			Cash flow hedge		
Year 2023	Gross balance	Tax effect	Total	Gross balance	Tax effect	Total	Gross balance	Tax effect	Total
Opening balance	**(41)**	**10**	**(31)**	**(764)**	**191**	**(573)**	**(16)**	**3**	**(13)**
Gains and losses recognised in OCI	15	(3)	12	44	(11)	33	(67)	17	(50)
Reclassification during the year to profit or loss	14	(3)	11	256	(64)	192	84	(21)	63
Closing balance	**(12)**	**4**	**(8)**	**(464)**	**116**	**(348)**	**1**	**(1)**	**—**

	Cost of hedging			Net investment hedge			Cash flow hedge		
Year 2022	Gross balance	Tax effect	Total	Gross balance	Tax effect	Total	Gross balance	Tax effect	Total
Opening balance	**(44)**	**11**	**(33)**	**(642)**	**161**	**(481)**	**(39)**	**9**	**(30)**
Gains and losses recognised in OCI	1	—	1	(144)	36	(108)	(298)	74	(224)
Reclassification during the year to profit or loss	2	(1)	1	22	(6)	16	321	(80)	241
Closing balance	**(41)**	**10**	**(31)**	**(764)**	**191**	**(573)**	**(16)**	**3**	**(13)**

17.5. Treasury shares

At the end of 2023, the Company held 137,361 treasury shares. These shares represent 0.03% of the share capital and the average acquisition price of which was EUR 11.2 per share.

At 31 December 2022, the Company held 168,760 treasury shares.

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

17.6. Dividends

ACCOUNTING POLICIES

Non-cash dividends are measured at the fair value of the asset to be distributed and any difference with the dividend value it is recognised in the income statement.

Approved in 2023

On 15 March 2023, the Shareholders' Meeting approved the distribution of a dividend out of voluntary reserves amounting to EUR 578 million, at a rate of EUR 1.08 per share. Said dividend was paid on 16 March 2023.

On 25 April 2023, the Shareholders' Meeting approved the distribution of a second dividend out of voluntary reserves amounting to EUR 272 million, at a rate of EUR 0.51 per share. Said dividend was paid on 26 April 2023.

Approved in 2022

On 15 December 2022, the Company's Shareholders' Meeting resolved to approve the distribution of a dividend from Voluntary Reserves amounting to EUR 333 million at a price of EUR 0.62 per share. Said dividend was paid on 16 December 2022.

On 27 July 2022, the Extraordinary General Shareholders' Meeting of the Company resolved to approve the distribution of a dividend out of voluntary reserves for an amount of EUR 250 million, at a rate of EUR 0.47 per share. Said dividend was paid on 28 July 2022.

17.7. Non-controlling interests

The breakdown of *Non-controlling interests* at 31 December 2023 and 2022 is as follows:

Non controlling interests	2023			2022		
	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 %	11	3	40 %	10	3
Generación Eléctrica Peninsular, S.A.	30 %	22	(6)	30 %	37	8
Cepsa Química China & Shanghai & CCPS	25 %	32	(3)	25 %	34	—
Coastal Energy KBM Sdn. Bhd.	30 %	—	—	30 %	1	—
Cepsa Gas Comercializadora, S.A	30 %	30	(28)	30 %	12	21
Total		**95**	**(34)**		**94**	**32**

In 2023, dividends of EUR 30 million were paid mainly by "C.M.D. Aeropuertos Canarios, S.L." (EUR 3 million) and "Generación Eléctrica Peninsular, S.A." (EUR 23 million), of which EUR 19 million have been paid in the year. In 2022, dividends of EUR 5 million were paid.

18. Financial liabilities

ACCOUNTING POLICIES

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

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

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

Bank borrowings are the Group's most significant financial liability. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

*The accounting policies for derivatives and hedging instruments are described in **Note 30** Derivative financial instruments and hedging transactions.*

With the exception of derivative financial liabilities (see **Note 30**), all financial liabilities are loans and trade payables measured at amortised cost in accordance with the IFRS 9 classification.

The breakdown of current and non-current liabilities for 2023 and 2022 is as follows:

Financial liabilities — € Millions

Year 2023	Notes	Current	Non-current	Total
Bank borrowings relating to finance leases	24	162	528	690
Financial liabilities				
Variable rate		189	1,328	1,517
Fixed rate		3	7	10
Bonds, obligations and similar issuances		17	1,395	1,412
Other Finance liabilities		6	5	11
Subtotal financial liabilities		377	3,263	3,640
Trade payables	22	4,862	51	4,913
Derivatives	22, 30	61	94	155
Total		**5,300**	**3,408**	**8,708**

Year 2022	Notes	Current	Non-current	Total
Bank borrowings relating to finance leases	24	162	532	694
Financial liabilities				
Variable rate		525	1,270	1,795
Fixed rate		5	9	14
Bonds, obligations and similar issuances		17	1,393	1,410
Other Finance liabilities		7	6	13
Subtotal financial liabilities		716	3,210	3,926
Trade payables	22	4,982	52	5,034
Derivatives	22, 30	1,313	234	1,547
Total		**7,011**	**3,496**	**10,507**

At the end of 2023, derivative liabilities consist mainly of cross-currency swaps entered into to hedge foreign exchange and interest rate risks, as well as swaps on various commodities in which the Group is active. The change compared to the previous year in current derivatives is due to the gradual unwinding during 2023 of the fair value hedge of the gas purchase commitment in place at the beginning of the year (see **Note 14**).

In 2023, the Group continued to actively manage its financing, renegotiating existing bank financing and adding new facilities to extend the maturity of its debt and reduce refinancing risk. The Group also utilised its liquidity facilities to further to improve its long-term liquidity position. In this context, and as has become customary since it was signed in 2014, the Group obtained the agreement of the syndicate of banks participating in its EUR 2 billion revolving credit facility to extend its maturity by a further year. Following the unanimous agreement of the 18 banks, this transaction now matures in September 2028, significantly improving the quality of the Group's liquidity. At the date of this report no amounts have been drawn under this syndicated facility.

Among the new operations, two loans totalling EUR 230 million were signed with the European Investment Bank (EIB) for two projects under the the Group's Positive Motion strategy.

For capital market funding, the Group's bonds are rated investment grade by the three major international rating agencies, Moody's, S&P and Fitch. The investment grade rating was confirmed in 2023 following reviews by Fitch, S&P and Moody's in March, April and August respectively.

The breakdown of bonds in circulation, which are listed on Euronext Dublin, at the end of 2023 is as follows:

Bonds and securities issued — € Millions

Title	Notes	Amortized cost	Fair value	Date of issue	Issue currency	Nominal value	Initial maturity	Remuneration	
Bonds XS1996435688		499	486	May 2019	Eur	500	Feb 2025	Anual coupon	1.00%
Bonds XS2117485677		398	358	Feb 2020	Eur	400	Feb 2028	Anual coupon	0.75%
Bonds XS2202744384		498	487	Jul 2020	Eur	500	Feb 2026	Anual coupon	2.25%
Total	31	**1,395**	**1,331**			**1,400**			

The breakdown by maturity of all financial liabilities at December 31, 2023 and 2022, is as follows:

Financial liabilities - Maturities — € Millions

Year 2023	2024	2025	2026	2027	2028	Others	Total
Bank borrowings relating to finance leases	162	119	94	66	50	199	690
Financial liabilities							
Variable rate	189	170	594	210	246	108	1,517
Fixed rate	3	3	1	—	1	2	10
Bonds, obligations and similar issuances	17	499	498	—	398	—	1,412
Other Finance liabilities	6	2	1	1	—	1	11
Subtotal financial liabilities	377	793	1,188	277	695	310	3,640
Trade payables	4,862	46	1	—	1	3	4,913
Derivatives	61	15	54	—	15	10	155
Total	**5,300**	**854**	**1,243**	**277**	**711**	**323**	**8,708**

Year 2022	2023	2024	2025	2026	2027	Others	Total
Bank borrowings relating to finance leases	162	111	88	72	58	203	694
Financial liabilities							
Variable rate	525	131	159	551	201	228	1,795
Fixed rate	5	3	2	1	1	2	14
Bonds, obligations and similar issuances	17	—	497	498	—	398	1,410
Other Finance liabilities	7	2	1	1	1	1	14
Subtotal financial liabilities	716	247	747	1,123	261	832	3,926
Trade payables	4,982	45	1	1	—	5	5,034
Derivatives	1,313	39	38	89	10	58	1,547
Total	**7,011**	**331**	**786**	**1,213**	**271**	**895**	**10,507**

The breakdown by currency [7] of bank borrowings and other financial liabilities at December 31, 2023 and 2022, is as follows:

€ Millions

Financial liabilities - Currencies	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Euros	246	2,517	2,763	505	2,432	2,937
Dollars ($ USA)	62	567	629	82	630	712
Other foreign currencies	69	179	248	129	148	277
Total financial liabilities	**377**	**3,263**	**3,640**	**716**	**3,210**	**3,926**

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

€ Millions

Gross borrowing - Movements	2023	2022
Bank borrowings - Non current - at the beginning of period	3,210	3,818
Bank borrowings - Current - at the beginning of period	716	285
Total at the beginning of period	**3,926**	**4,103**
Additions	153	501
Overdrafts movements	13	(564)
Repayments	(409)	(161)
Other movements		
Foreign exchange fluctuations	(38)	40
IFRS 16 impact - Leasing	(4)	7
Bank borrowings - Non current - at the end of period	3,263	3,210
Bank borrowings - Current - at the end of period	377	716
Total at end of the period	**3,641**	**3,926**

The average annual nominal interest rate on euro-denominated debt was 3.50% and 0.80% in 2023 and 2022 respectively, and on foreign currency-denominated debt is 3.40% and 2.96%, mainly in US dollars and Chinese yuan. The weighted average cost of borrowing, including the effect of interest rate derivatives, was 3.43% in 2023 and 2.53% in 2022.

At 31 December 2023 and throughout the year, the Group was not affected by the need to comply with any financial ratios due to its status as an externally rated company, which is expected to be maintained throughout 2024.

At 31 December 2023 and 2022, the CEPSA Group companies had unused committed credit lines of EUR 3,432 million and EUR 3,270 million respectively. In addition to these available limits, cash and cash equivalents of EUR 659 million in 2023 and EUR 476 million in 2023 and 2022, respectively, are included in the consolidated balance sheet at these dates (see **Note 16**).

[7] Cross Currency Swaps exist in respect of EUR 1,869 million that transform this indebtedness into USD 2,233 million, so that the respective volumes of USD denominated debt and EUR denominated debt in 2023, 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 2023.

19. Capital Grants

ACCOUNTING POLICIES

Grants related to assets are measured at fair value and recorded as deferred income within Non-current liabilities in the consolidated Balance Sheet .

Non-repayable grants are recorded as deferred income within Capital grants and are released to the consolidated Income Statement in line with the depreciation of the related assets. Repayable grants are included in Other non-current liabilities that can be converted into grants. Operating grants are recognised as an income in the consolidated Income Statement as they are earned.

Capital grants related to greenhouse gas emissions allowances include allowances received for free in accordance with the National Emissions 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 recognised in the consolidated Income Statement as a release of non-financial capital grants:

- *Generally, when the cost of the actual issue is incurred (see **Note 23**).*
- *As an adjustment to the original carrying amount when an impairment loss has been recognised on the emissions allowances received from the Government, (see **Note 8**).*

The changes in 2023 and 2022 and the balances, classified by items, at year-end are as follows:

Capital grants — € Millions

Year 2023	Notes	Balance at 01.01.2023	Additions	Transferred to profit and loss	Balance at 31.12.2023
Grants related to assets		8	11	(3)	16
Greenhouse gas emissions allowances		3	250	(237)	16
Total	23	**11**	**261**	**(240)**	**32**

Year 2022	Notes	Balance at 01.01.2022	Additions	Transferred to profit and loss	Balance at 31.12.2022
Grants related to assets		9	1	(2)	8
Greenhouse gas emissions allowances		16	250	(263)	3
Total	23	**25**	**251**	**(265)**	**11**

In 2023 and 2022, grants received mainly relate to those received from regional governments, mainly the Andalusian Regional Government, and from the Central Government, namely the Industry Ministry.

Additions to *Greenhouse gas emissions allowances* item includes the market value of free emissions allowances, which amounted to EUR 250 million at the time of allocation (2022: EUR 250 million). The column *Transferred to profit and loss* includes both the value of the allowances allocated for CO2 emissions during the year and the adjustment for the impairment of the allowances received from the government of EUR 18 million (2022: impairment of EUR 51 million due to the fall in the price of emissions allowances) (see **Note 8**).

20. Pension and similar obligations

20.1. Provisions

ACCOUNTING POLICIES

CEPSA and some of its subsidiaries have the following pension commitments to employees and their beneficiaries:

- *Pension commitments covered by the occupational Pension Plan under the CEPSA Group Pensions Fund. These pension plans entitle the participants to receive retirement benefits or, where applicable, death or disability benefits in accordance with the terms of the plans.*

The plans take the form of hybrid plans:

- *Defined contribution plans, which provide retirement benefits for which the sponsor makes periodic contributions.*

- *Defined benefit plans,which provide benefits in the event of death or disability through an annually renewable policy taken out with an insurance company. The sponsor undertakes to make the contributions in accordance with the Pension Plan in order to finance the premium to cover the risks of the above activities.*

The accumulated amount of the risk assumed by the sponsor is covered each year by the annual contribution.

- *Life insurance (excess policy): This defines the contributions to be made by the Company taking out the insurance as a supplement to the Pension Plan or because the commitment assumed towards the employees exceeds the maximum limits for contributions to the pension plans. This insurance covers the contingencies of retirement or, where appropriate, death and disability under defined contribution plans.*

- *Life annuities for retired employees. These are pre-retirement obligations that entitle employees or their beneficiaries to supplementary social security benefits in the event of retirement, death or permanent disability. This obligation has been fully externalised through the related insurance policies.*

Adjustments resulting from increases or decreases in the Consumer Price Index (CPI) decreases, which only affect those policies covering obligations linked to the annual change in the CPI, are recognised as income or expense, as appropriate, in the year in which they occur and have not been material.

The cost of this plan, recognised under *Staff costs* in the income statement, amounted to EUR 21 million and EUR 20 million in 2023 and 2022, respectively.

20.2. Defined contribution plans

ACCOUNTING POLICIES

The Group entered into a commitment with a certain group of employees for the payment of an annuity resulting from the closure of company stores. Actuarial studies are performed annually and the actuarial gains and losses are recognised as appropriate.

Group employees are entitled to receive long-service medals and recognition awards from the company. At the La Rábida Energy Park, employees are entitled to long-service awards. An actuarial study is carried out annually and the actuarial gains and losses are recognised as expenses or income, as appropriate.

In 2020, rights were recognised in favour of a group of employees who subscribed to a Voluntary Redundancy Plan, under which the Group guarantees them an income until their retirement date.

The provisions recognised in the balance sheet for these commitments at 31 December 2023 and 2022 amounted to EUR 91 million and EUR 81 million, respectively.

The provisions have been calculated by discounting the expected cash flows to the date of retirement at 1.71%. The average payment period for this group was 3.09 years.

21. Provisions

ACCOUNTING POLICIES

Provisions consist of liabilities arising for pending litigation, environmental matters, decommissioning costs and other risks where there is uncertainty as to the amount or timing of the obligation.

Provisions are recognised when:

- *there is a present obligation as a result of a past event, and it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation, and*
- *the amount of the corresponding liability can be reliably estimated.*

The provision amount recognised as a provision is the present value of the expenditure expected to be required to settle the obligation, using an after-tax discount rate. The provision is periodically reviewed based on the information available at the date of preparation of each consolidated Balance Sheet.

Provisions for CO2 emissions (see also Note 8).

The obligation to deliver emissions allowances for the CO2 emissions produced during the year is recognised when the greenhouse gas emissions are produced. These costs are charged to Other operating expenses in the consolidated Income Statement and credited to a short-term provision included in Trade payables until the corresponding emissions allowances are delivered. The unit value to be assigned to the emissions is determined by reference to:

• Firstly, the carrying amount of the emissions allowances received for free;

• Secondly, the cost of the other emissions allowances capitalised in the consolidated Balance Sheet;

• And, if necessary, the most recent estimate of what it would cost to purchase the remaining allowances.

Details of the movements and the balances in 2023 and 2022, are as follows:

Provisions — € Millions

Year 2023	Notes	Balance at 01.01.2023	Additions	Interest cost	Other changes	Utilization	Unused provisions	Balance at 31.12.2023
Provisions for liability to third-parties		105	8	1	(14)	(22)	(8)	70
Decommissioning provisions		148	31	8	(34)	(15)	(6)	132
Environmental provisions	28	65	3	—	2	(2)	—	68
Other provisions		9	3	2	14	(1)	—	27
Total		**327**	**45**	**11**	**(32)**	**(40)**	**(14)**	**297**

Year 2022	Notes	Balance at 01.01.2022	Additions	Interest cost	Other changes	Utilization	Unused provisions	Balance at 31.12.2022
Provisions for liability to third-parties		84	34	4	3	(4)	(16)	105
Decommissioning provisions		304	73	13	(223)	(9)	(10)	148
Environmental provisions	28	25	40	1	—	(1)	—	65
Other provisions		13	—	—	(3)	—	(1)	9
Total		**426**	**147**	**18**	**(223)**	**(14)**	**(27)**	**327**

Provisions for liability to third-parties

This heading includes contingent liabilities arising from the ordinary operations of Group companies that could give rise to actual liabilities to third parties. This includes the provisions made by the Group during the year to cover its tax exposure arising from disagreements with tax authorities. The main items are obligations to third parties arising from contractual commitments and contingencies relating to ongoing tax audit procedures for taxes other than the Corporate Income Tax or its equivalent.

Decommissioning provisions

This heading includes provisions and subsequent adjustments for the abandonment of technical facilities and oil fields after the extraction of recoverable reserves.

The provisions of EUR 31 million consists mainly of provisions for exploration and production fields of EUR 22 million and provisions for technical facilities in Ceuta and Huelva of EUR 7 million.

These provisions are subject to a financial adjustment of EUR 8 million and have been discounted using rates that vary by geographical area as follows:

- Colombia 8.42%,
- Peru 6.25%,
- Algeria 10.38%,
- United Arab Emirates 5.45%, and
- Spain 6.29%.

The column *Other Changes* includes the amount of EUR 34 million for the transfer of the decommissioning provision in LATAM assets " to *Held for sale* (see **Note 5.2**). In 2022, an amount of EUR 155 million is included for the transfer of the decommissioning provision in "Cepsa EP Abu Dhabi, S.L.U." to *Held for sale*.

At the beginning of 2022, the Company announced the start of the processes for the decommissioning of the Tenerife Energy Park, a project that involves the gradual dismantling of the various units of the Park and the subsequent rehabilitation of the land, two of the fundamental steps toward achieving the objectives of Santa

Cruz Verde 2030 (SCV2030). A provision of EUR 68 million has been recorded for this purpose, increasing the carrying amount of the assets allocated to this decommissioning process. In 2023, claims of EUR 4 million have been made.

Environmental provisions

This heading includes estimates in respect of the Group's legal or contractual obligations or commitments to prevent, reduce or remediate environmental damage that are charged to professional services or repairs and maintenance in general. It also includes the estimated amounts for the environmental remediation of the risk of gradual soil contamination, which is the only contingency which is not covered by the contracted insurance.

During 2023, environmental provisions of EUR 1 million (2022: EUR 37 million) were made in respect of the decommissioning of the Tenerife Energy Park, which are included in *Other operating expenses* in the consolidated Income Statement.

CEPSA's Directors believe that the provisions recognised in the accompanying balance sheet adequately cover the risks of litigation, arbitration and other matters described in this note and therefore does not expect that any additional liabilities to arise.

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

The breakdown of the balances of *Trade payables* in 2023 and 2022 is as follows:

	€ Millions	
Trade payables	2023	2022
Trade payables	3,720	3,809
Trade payables to associates and joint ventures	2	11
Customers advances	2	8
Total	**3,724**	**3,828**

The breakdown of the required information for the Spanish companies of the CEPSA Group with regard to the information on the average payment terms of suppliers is as follows, in accordance with the Third additional provision "Duty of information" of Law 15/2010, of 5 July, as 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:

	2023	2022
Information on average supplier payment periods	Days	Days
Average period for payment to suppliers	22	20
Ratio of paid transactions	21	20
Ratio of outstanding payment transactions	57	41
	€ Millions	€ Millions
Total payments made	28,961	39,972
Total payments pending	1,226	1,562
Total payments made in less than maximum legal term	27,356	36,670
Percentage of total payments made	94%	92%
	Number of invoices	Number of invoices
Total number of invoices paid in less than maximum legal term	683,257	589,370
Total number of invoices paid	854,141	787,002
Percentage of total number of invoices paid	80%	75%

The maximum legal term for payment to suppliers established in the transitory provisions of Law 15/2010 (as amended through the second final provision of Law 31/2014) is 60 days.

The breakdown of the balances of *Other non-current liabilities* and *Other current liabilities* in 2023 and 2022 is as follows:

€ Millions

Other liabilities	Notes	2023 Non-current	2023 Current	2022 Non-current	2022 Current
Liabilities from taxes other than income tax		—	209	—	255
Tax income payables		—	82	—	142
Fixed assets payables		12	135	21	119
Payroll		—	137	—	129
ventures		—	2	—	8
Other liabilities		2	193	26	138
Liabilities from derivatives	18, 31	94	61	234	1,313
Guarantees/deposits received		37	4	5	6
Provisions, short term		—	376	—	357
Total		**145**	**1,199**	**286**	**2,467**

Liabilities from derivatives at 31 December 2023 mainly include the valuation of commodity swaps, as well as certain cross-currency swaps entered into for currency and interest rate hedging purposes (see **Note 30**).

Provisions, short term at 31 December 2023 and 2022 mainly include the amounts of EUR 349 million and EUR 339 million, respectively, related to the obligation to deliver emissions allowances for CO2 emissions made. The increase in the provision is mainly due to the increase in the price of the above mentioned allowances.

23. Operating income and expenses

ACCOUNTING POLICIES

Income and expenses are recognised on an accrual basis.

The Group recognises revenue from contracts with customers based on a five-step model, as set out in IFRS 15: (i) identifying the contract(s) with a customer, (ii) identifying the performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations in the contract and (v) recognising 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 whether it is acting as principal or agent.

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

From 2022, the Group applies "agent" accounting for certain transactions with at least the following characteristics: (i) the Group is not primarily responsible for the fulfilment of the obligation to provide the goods or services; (ii) the Group does not have inventory risk before and after the transfer of control to the customer; and (iii) there is no real ability to determine the selling price, except for a margin for brokerage commissions. The impact on he current and prior year results is nil.

VARIABLE CONSIDERATION

When the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled upon transfer of the goods to the customer. The variable consideration is estimated at the inception of the contract, reviewed periodically and recognised when the goods are delivered to the customer, provided that it is considered highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved. Some sales contracts provide the customer with rights of return and volume discounts. These rights of return and volume discounts give rise to variable consideration.

SIGNIFICANT FINANCING COMPONENT

The Group generally receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the amount of consideration promised for the effects of a significant financing component if, at the inception of the contract, it expects that the period between the transfer of the promised goods or services to the customer and the customer's payment for those goods or services will be one year or less.

The Group also receives long-term advances from customers for the sale of goods. In order to reflect the significant financing component in this case, the transaction price of such contracts is discounted at the rate that would be applied in a separate financing transaction between the Group and its customers at the inception 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 CUSTOMERS

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: loyalty award credits or loyalty programmes).

OIL PRODUCTION

Revenue from the production of crude oil is recognised:

- *on the basis of the Group's working interest where the Group participates with other producers; and*
- *in accordance with the contractual terms of production sharing agreements.*

OTHER CIRCUMSTANCES

Revenue does not include the value of exchanges of strategic inventory swaps agreed 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 recognised in the consolidated Income Statement as part of the selling price and as an addition to cost in Revenue from contracts with customers and Operating expenses, respectively.

Revenue from services rendered is recognised by reference to the stage of completion of the service at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

The breakdown of *Revenue from contracts with customers* relating to 2023 and 2022 is as follows:

€ Millions

Revenue from contracts with customers	2023	2022
Sales of goods	22,866	30,996
Services provided	343	367
Sales returns and volume discounts	(175)	(161)
Oil and gas exercise duties	2,125	2,244
Total	**25,159**	**33,446**

In 2023, the Group's item *Sales of goods* amounted to EUR 22,866 million (EUR 30,996 million in 2022), which were mainly affected by the general fall in the prices of final products, while the amount collected from excise duties remained relatively stable, as it is linked to the volume of sales of the products concerned.

Revenue from exchange of strategic inventory swaps transactions with other operators in 2023 y 2022 are not included in *Revenue from contracts with customers.*

The breakdown of *Procurements* for 2023 and 2022 is as follows:

€ Millions

Procurements	2023	2022
Purchases	18,922	25,005
Changes in inventories	363	327
Total	**19,285**	**25,332**

The breakdown of *Staff costs* for financial years 2023 and 2022 is as follows:

€ Millions

Staff costs	Notes	2023	2022
Wages and salaries		640	672
Pension contributions and life insurance premiums	20.1	21	20
Other staff costs		172	144
Total		**833**	**836**

In 2021, the Board of Directors approved a management long-term incentive and retention plan for senior executives, which is linked to the achievement of certain economic targets set for the Group. The settlement of the plan with the participants may be formalised through the delivery of a number of shares and/or cash amounts.

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

- The expected settlement date of the plan.
- The number of participants who will satisfy the vesting conditions.
- The extent to which the target has been achieved, using models based on discounted future cash flows.

During 2023, the Group has recognised an expense of EUR 33 million in respect of this plan. CEPSA's Directors estimate that, from a cumulative perspective since the start of the programme, 51% of this amount will be paid in shares. No payments were made to participants or vested during the year.

The average number of employees in 2023 and 2022, by category and irrespective of employment status, was as follows:

Average headcount

Workforce by professional category	2023	2022
Executive Directors	1	1
Officers	10	11
Executives/ Department Heads	891	842
Other line personnel	3,440	3,279
Skilled employees/ Assistants/ Clerical staff	6,420	6,039
Total	**10,762**	**10,172**

At December 31, 2023 and 2022, the workforce by professional category and sex is as follows:

	Headcount at closing date					
	2023			2022		
Workforce at closing by professional category and sex	Women	Men	Total	Women	Men	Total
Executive Directors	—	1	1	—	1	1
Officers	3	7	10	3	8	11
Executives/ Department Heads	263	645	908	235	643	878
Other line personnel	1,133	2,342	3,475	1,089	2,320	3,409
Skilled employees/ Assistants/ Clerical staff	2,827	3,644	6,471	2,588	3,423	6,011
Total	**4,226**	**6,639**	**10,865**	**3,915**	**6,395**	**10,310**

The average number of staff with a disability of 33% or more, by category, as of December 31, 2023 and 2022 of people, is the following:

	Average headcount	
Workforce by professional category - Disabled staff	2023	2022
Executives / Department heads	4	3
Other line personal	34	29
Skilled employees / Assistants / Clerical staff	108	81
Total	**146**	**113**

At December 31, 2023 and 2022, the breakdown of *Other operating expenses* is as follows:

	€ Millions	
Other operating expenses	2023	2022
Third party services received	1,322	1,562
Transport and freight	344	427
Taxes and levies	385	72
Environmental expenses	16	51
Other operating expenses	395	373
Total	**2,462**	**2,485**

The line *Taxes and levies* in the table above includes the amount of the Temporary energy levy of EUR 323 million, calculated on 2022 sales. This levy was paid in February and September 2023. No provision has been recognised in the consolidated income statement for the tax calculated on 2023 sales, which is payable in 2024 and is estimated to be EUR 243 million (see **Note 35**).

In addition, the table below shows the breakdown of audit and similar services, which are included in *Other operating expenses*:

	€ Millions			
	2023		2022	
Audit fees	Lead Auditor	Other Auditors	Lead Auditor	Other Auditors
Financial Audit Services				
In Spain	1.3	0.2	1.1	0.1
Abroad	0.5	0.1	0.4	0.1
Other assurance services	0.4	—	0.8	—
Other services	—	0.1	0.3	0.2
Total	**2.2**	**0.4**	**2.6**	**0.4**

The breakdown at December 31, 2023 and 2022 of *Allocation to profit or loss of grants related to non-finance assets and other* is as follows:

€ Millions

Allocation to profit or loss of grants related to non-finance assets and other	Notes	2023	2022
Allocation of Greenhouse Gas allowances		237	263
Allocation of capital allowances		3	2
Total	19	**240**	**265**

In 2023 and 2022, the breakdown of *Impairment and gains or losses on disposals of non-current assets* recognised is as follows:

€ Millions

Impairment and gains or losses on disposals of non-current assets	Notes	2023	2022
Impairment of other non-current assets	13	2	5
Gain (losses) on disposals of non-current assets		(35)	(48)
Total		**(33)**	**(43)**

In 2023, the impairment of other non-current assets mainly relates to reversals in "Cepsa Comercial Petróleo, S.A.U." for the retail business (EUR 4 million) and provisions in "Generadora Eléctrica Peninsular, S.A." for the technical installations of the Gegsa I plant (EUR 2 million). In 2022, the reversal of the impairment of the Exploration & Production assets and the Gas & Power business was recorded.

Gains (losses) on disposals of non-current assets include those disposals of fixed assets that contributed to the Group's results, notably in 2023 the impairment of allocated CO2 rights of EUR 18 million and the results from the sale of "Cepsa EP Abu Dhabi" assets of EUR 15 million. Year 2022 includes the impairment of allocated CO2 rights.

24. Leases

ACCOUNTING POLICIES

With effect from 1 January 2019, IFRS 16 introduced a new standard for operating leases, which is equivalent to the existing standard for financial leases. At that date, the Group initially applied and recognised lease liabilities at the present value of lease liabilities outstanding at 1 January, 2019, discounted at the incremental borrowing rate at that date.

In applying the standard, the Group assesses at inception of the contract whether the contract is or contains a lease. The Group recognises a right of use and the corresponding lease liability for all lease in which it is a lessee, except for the excluded leases listed below.

The lease payments included in the calculation of the lease liability comprise:

- *Fixed lease payments, net of any lease incentives to be received;*
- *Variable lease payments based on an index or rate, initially calculated using the index or rate at the inception of the lease;*
- *The expected amount of any residual value guarantees to be paid by the lessee at the end of the lease;*
- *The exercise price of the purchase options, if the lessee is reasonably certainty to exercise the options; and*
- *The lease termination penalties payments, if the lease terms reflect the exercise of a termination option.*

The lease liability is subsequently adjusted by increasing the balance to reflect the finance cost of the outstanding liability (using the effective interest method) and reducing the balance to reflect the lease payments made.

The Group separates the total amount of the lease principal payments from the interest payments, and presents both within financing activities in the consolidated Cash Flow statement.

Operating leases excluded from this treatment

The following types of contracts are excluded from the treatment set out in this note for reasons of materiality or practicality:

- *short-term leases (defined as leases with a term of 12 months or less), and*
- *leases of low value assets.*

For these leases, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term, unless another form of allocation is more representative of the temporal pattern in which the economic benefits of the leased assets are consumed. Therefore, a liability for future payments is therefore recognised.

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, 2023 and 2022 are as follows:

Lease contracts - Maturities

€ Millions

Year 2023	Operating Outside IFRS 16	Operating Under IFRS 16	Financial IFRS 16	Total
2024	86	180	1	267
2025	37	133	—	170
2026	36	107	—	143
2027	12	77	—	89
2028	—	57	—	57
2029 and beyond	—	242	—	242
Total future payments	**171**	**796**	**1**	**968**
Less Interest	—	(106)	—	(106)
Present value of minimum payments	**171**	**690**	**1**	**862**
Less planned current payments	—	—	—	—
Non current liabilities of leasing contracts	**171**	**690**	**1**	**862**

Year 2022	Operating Outside IFRS 16	Operating Under IFRS 16	Financial IFRS 16	Total
2023	58	173	1	232
2024	10	123	1	134
2025	5	100	—	105
2026	1	82	—	83
2027	—	64	—	64
2028 and beyond	—	241	—	241
Total future payments	**74**	**783**	**2**	**859**
Less Interest	—	(91)	—	(91)
Present value of minimum payments	**74**	**692**	**2**	**768**
Less planned current payments	—	—	—	—
Non current liabilities of leasing contracts	**74**	**692**	**2**	**768**

A) OPERATING LEASES

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

In 2023, operating lease payments amount to EUR 177 million (2022: EUR 159 million). As in 2022, the contingent payments recognised in the consolidated Income Statement are not material.

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:

- *Interest income and expense, including the interest element of lease payments.*
- *Dividend income.*
- *Exchange gains or losses on financial assets and liabilities.*
- *Ineffective hedges recognised in the consolidated Income Statement.*
- *The reclassification of net gains on cash flow hedged of interest rate and foreign currency risk on loans and receivables, previously recognised under Other Comprehensive Income.*

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 recognised in the consolidated Income Statement when the Group becomes entitled to receive payment.

Financial income and expense for 2023 and 2022 are as follows:

€ Millions

Finance income	2023	2022
Interest income on loans	46	18
Income from equity investments	4	3
Net exchange differences	75	—
Other finance income	327	384
Total	**452**	**405**

Finance costs	2023	2022
Interest on borrowings	200	149
Finance costs from remeasurement	16	38
Net exchange differences	—	13
Other finance cost	331	378
Total	**547**	**578**

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

The breakdown of the *Finance cost of net borrowings* and *Other finance income and costs* for 2023 and 2022, are as follows:

€ Millions

Finance cost of net borrowings	2023	2022
Finance income	46	18
Finance cost	(200)	(149)
Total	**(154)**	**(131)**

Other finance income and costs	2023	2022
Income from equity investments	4	3
Gains (losses) on financial instruments measured at fair value (financial derivatives)	12	16
Exchange differences, net	75	(13)
Income and costs from commisions	(5)	(8)
Finance costs from reameasurement	(16)	(38)
Other finance income and costs	(12)	(2)
Total	**58**	**(42)**

In 2023 and 2022, the breakdown of *Impairment losses and gains or losses on the disposal of financial instruments* is as follows:

€ Millions

Impairment and gains or losses on disposals of financial instruments	Notes	2023	2022
Increase/decrease in finance instrument impairments	13	—	(1)
Finance instruments disposal result		74	47
Total		**74**	**46**

In 2023, *Finance instruments disposal result* mainly include the results from the sale of the Group interests in "Abu Dhabi Oil Co. LTD. (ADOC)" and "Cosmo Abu Dhabi Energy E&P" for an amount of EUR 53 million and the derecognition of assets in company "Cepsa Química Netherland, B.V." for an amount of EUR 20 million. In 2022, it mainly includes the gain/loss from the liquidation of "Cepsa Energy Company International, Ltd." amounting to EUR 33 million and the gain recognised on the early redemption of the bonds issued amounting to EUR 15 million (see **Note 18**).

26. Tax matters

ACCOUNTING POLICIES

Current and deferred income taxes are recognised in Income tax in the accompanying consolidated Income Statement, except to the extent that they arise from economic events that are recognised directly in Other comprehensive income or Equity.

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 expense is calculated on the basis of the Group's interpretation of the tax laws that have been enacted or substantively enacted at the balance sheet date in the countries in which CEPSA and its subsidiaries and associates operate and generate taxable income, taking into account the Group's tax position, and including the uncertain tax positions (in accordance with IFRIC 23).

Deferred tax assets and liabilities are recognised using the balance sheet liability method, which recognises temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recognised when:

- *it arises from the initial recognition of goodwill in a business combination; or*
- *it arises from the 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 profit or loss nor taxable profit or tax loss.*

Deferred tax assets are recognised for tax losses to be carried forward, unused tax credits, and deductible temporary differences are recognised when it is considered probable, based on the best estimate of the Group's future earnings, that the deferred tax asset will be utilised.

Deferred tax assets and liabilities are measured using enacted tax laws and rates that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that future taxable profit will be available against which they can be utilised.

Following the same principles, deferred tax assets and unrecognised tax credits are reviewed with the same frequency, and those for which, based on new information, it is probable that future taxable profits will be available to allow their recovery are recognised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, associates and joint arrangements, except for those where the timing of the reversal of the temporary difference is not controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future within the statutory period specified by law. Generally, the Group does not control the reversal of temporary differences of associates. Only when there is an arrangement that gives the Group the ability to control the reversal of the temporary difference is the temporary difference recognised.

Deferred tax assets and deferred tax liabilities are offset when, and only when, there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or taxable entity, or on different taxable entities or taxable entities that intend to settle their current tax assets and liabilities on a net basis.

The treatment of corporate income tax penalties indicates that where there is significant uncertainty about the assessment, penalties and interest may be clearly distinguishable from the tax assessment. In this case, penalties would be recognised as an operating expense. If, on the other hand, it is considered that there is significant uncertainty about the amount of tax payable, an accounting policy of recognising penalties as a tax expense is considered acceptable. In view of the high level of uncertainty, CEPSA has decided to present it as a tax expense.

CEPSA and some of the companies in the Group pay the Corporate Income Tax under a consolidated tax scheme in Group 4/89, with CEPSA as the parent company. Table I at the end of this document lists the main companies that form the tax group in 2023.

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

26.1. Tax expense recorded in profits and equity

The breakdown of the Corporate Incom Tax Expense for 2023 and 2022 is as follows:

Income tax		€ Millions
In the consolidated Income Statement	2023	2022
Current Income Tax		
Income tax for the period	322	1,472
Adjustments to income tax for the period or prior period	(15)	(33)
Deferred income tax		
Related to the creation or reversal of temporary differences	(139)	(182)
Total income tax expense (income) recognised in the consolidated Income Statement	**168**	**1,257**
In the consolidated Statement of Comprehensive Income		
Deferred income tax		
Related to the creation or reversal of temporary differences	(87)	24
Total Income tax expense / (income) recognised in the consolidated Statement of Comprehensive Income	**(87)**	**24**

Tax income and expense in the consolidated Income Statement exclude the Group's share of the tax expense of consolidated companies accounted for using the equity method, which is EUR 12 million in 2023 (2022: income EUR 61 million).

26.2. Reconciliation of the effective tax rate

The Income tax obtained based on the accounting income before taxes for the years 2023 and 2022 is as follows:

€ Millions

Reconciliation of accounting profit and income tax	2023	2022
Accounting profit (before taxes)	**(98)**	**2,389**
25% tax rate	(25)	597
Difference due to different tax rates	104	956
Permanent differences	128	213
Tax credits and relief applied	(24)	(476)
Adjustments to income tax for the period or prior period	(15)	(33)
Total income tax expense / (income)	**168**	**1,257**

The line *Difference due to different tax rates* includes the effect of the difference between the general tax rate in Spain and the tax rates in other jurisdictions in which the Group's companies and permanent establishments operate. These differences arise mainly as a result of the different tax rates applied in Algeria and Abu Dhabi on profits from hydrocarbon production activities. The other foreign companies and permanent establishments do not have a significant impact on this tax rate difference.

The following taxes are applicable in Algeria:

- The "Tax on the Remuneration of Production Activities", which is similar to the Spanish Corporate Income Tax as it taxes the gross annual income in barrels of Saharan Blend crude oil, withheld and paid on behalf of CEPSA by the Algerian state-owned company Sonatrach,
- In addition, the 'Super Profit Tax" (effective August 2006) is applied pursuant to a national law, the rate of which is linked to the evolution of the price of crude oil,
- The "Tax on Petroleum Revenues" (TRP),
- The "Supplementary Income Tax" (ICR), the rate of which is based on the profits made, and
- the "Royalty on production" (*redevance*).

The combined accrued portion of both taxes for 2023 and 2022 amounts to EUR 95 million and EUR 208 million 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 tax liability of both tax regimes for 2023 and 2022 is EUR 168 million and EUR 1,081 million respectively.

The *Permanent differences* are mainly due to non-deductible expenses or non-eligible incomes for income tax purposes. Those recognised in 2023 and 2022 mainly correspond to dividends, certain impairments of assets, income from foreign permanent establishments, and Corporate Income Tax paid abroad which was not included in the amount used to calculate deductions from the tax base pursuant to Article 31.2 of Law 27/2014, other provisions, penalties, and adjustments related 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 relating to income received abroad through permanent establishments, dividends, certain activities, and other tax incentives, in accordance with the rules applicable in each period.

For the 2023 financial year, CEPSA has applied the exemption method as a mechanism to avoid double taxation, and for the 2022 financial year, the tax apportionment method.

The amounts included in the line *Adjustments to income tax for the period or prior period*, which in 2023 and 2022 amount to EUR 15 million and EUR 33 million of income, respectively, include the difference between the expense recognised for Corporate Income Tax at 31 December 2023 and 2022 and the corresponding one according to the final settlement of these years, as well as the recognition of Negative Tax Bases from previous years.

26.3. Changes in balances due to deferred tax

The balances of deferred tax assets and liabilities at year-end 2023 are shown below, broken down according to their origin:

Deferred tax assets and liabilities in the CEPSA Group by origin

€ Millions

Year 2023	Balance at 01.01.2023	Additions	Interest cost	Derecog-nitions	Movements in equity	Translation difference	Transfers (Note 5.2)	Other changes	Balance at 12.31.2023
Deferred tax assets									
Depreciation	29	—	—	(5)	—	—	—	—	24
Impairment	12	22	—	(3)	—	—	—	—	31
Tax loss carryforwards	236	218	—	(69)	—	—	(4)	—	381
Tax deductions pending application	577	26	—	(4)	—	(19)	—	19	599
establishments	27	—	—	(1)	—	(1)	—	—	25
Hedging	251	18	—	(3)	(63)	—	4	—	207
Inventories	2	—	—	—	—	—	—	—	2
Provisions	72	18	—	(20)	—	—	(17)	—	53
Uncertain tax treatments	37	—	—	(2)	—	—	—	—	35
Tax effect IAS 12	161	12	—	(8)	—	(1)	—	—	164
Others	86	—	—	(69)	—	(1)	—	—	16
Total deferred tax assets	**1,490**	**314**	**—**	**(184)**	**(63)**	**(22)**	**(17)**	**19**	**1,537**
Deferred tax liabilities									
Depreciation	91	62	—	(74)	—	—	—	—	79
Leasing	4	—	—	(1)	—	—	—	(1)	2
Hedging	87	7	—	—	7	—	4	—	105
Inventories	1	1	—	—	—	—	—	—	2
Provisions	6	—	—	—	—	—	(12)	—	(6)
Uncertain tax treatments	242	1	5	(9)	—	(3)	—	2	238
Tax effect IAS 12	159	11	—	(9)	—	(1)	—	—	160
Others	28	10	—	(7)	—	(1)	1	—	31
Total deferred tax liabilities	**618**	**92**	**5**	**(100)**	**7**	**(5)**	**(7)**	**1**	**611**
Net deferred taxes	**872**	**222**	**(5)**	**(84)**	**(70)**	**(17)**	**(11)**	**18**	**926**

The *Deferred tax assets* in the consolidated Balance Sheet mainly comprises:

- the tax effect of the net investment hedge in foreign entities of EUR 207 million (2022: EUR 244 million),
- the tax effect of additional impairment losses on certain non-current assets of EUR 31 million (2022: EUR 12 million),
- tax loss carry-forwards of EUR 381 million (2022: EUR 236 million),
- plus EUR 599 million of unused deductions (2022: EUR 578 million), which arise mainly in financial year 2022 as a result of the application of the tax apportionment method to the results of Algeria and Abu Dhabi (see **Note 26.2**) .

The *Deferred tax liabilities* recognised in the consolidated Balance Sheet consist mainly of:

- those resulting from the application of the provisions of the Eleventh Additional Provision introduced in the text of the Corporate Tax Law by Article 1.12 of Law 4/2008, of 23 December, which regulates the unlimited depreciation linked to the maintenance of employment, amounting to EUR 80 million (2022: EUR 91 million).

- liabilities amounting EUR 10 million arising from temporary differences between accounting and tax depreciation of our Exploration and production LATAM assets were reclassified to *Liabilities held for sale and discontinued operations*, (2022: EUR 377 million similar concept in Abu Dhabi).

- liabilities for uncertain tax treatments of EUR 238 million (2022: EUR 242 million), mainly due to non-compliant tax records and arrears interest thereon.

- The Transfers column includes the amount of EUR 6 million for the transfer of the decommissioning provision in Exploration and Production assets in Latam to *Held for sale* (see **Note 5.2**).

The situation at 2022 year-end was as follows:

Deferred tax assets and liabilities in the CEPSA Group by origin

€ Millions

Year 2022	Balance at 01.01.2022	Additions	Interest cost	Derecog-nitions	Movements in equity	Translation difference	Transfers	Other changes	Balance at 12.31.2022
Deferred tax assets									
Depreciation	27	5	—	(3)	—	1	(1)	—	29
Impairment	305	40	—	(333)	—	—	—	—	12
Tax loss carryforwards	176	62	—	(2)	—	—	—	—	236
Tax deductions pending application	123	460	—	(6)	—	6	—	(6)	577
Losses in permanent establishments	23	2	—	—	—	2	—	—	27
Hedging	194	—	—	(8)	63	—	2	—	251
Inventories	2	—	—	—	—	—	—	—	2
Provisions	35	51	—	(15)	—	1	—	—	72
Uncertain tax treatments	35	2	—	—	—	—	—	—	37
Tax effect IAS 12	156	5	—	—	—	—	—	—	161
Others	23	69	—	(4)	—	(1)	(1)	—	86
Total deferred tax assets	**1,099**	**696**	**—**	**(371)**	**63**	**9**	**—**	**(6)**	**1,490**
Deferred tax liabilities									
Depreciation	356	101	—	(14)	—	15	(367)	—	91
Impairment	9	—	—	—	—	1	(11)	1	—
Leasing	5	—	—	(1)	—	—	—	—	4
Hedging	40	—	—	—	47	—	—	—	87
Inventories	1	—	—	—	—	—	—	—	1
Provisions	5	—	—	—	—	1	—	—	6
Uncertain tax treatments	201	69	6	(22)	—	3	2	(17)	242
Tax effect IAS 12	156	3	—	—	—	—	—	—	159
Others	22	—	—	7	—	1	—	(2)	28
Total deferred tax liabilities	**795**	**173**	**6**	**(30)**	**47**	**21**	**(376)**	**(18)**	**618**
Net deferred taxes	**304**	**523**	**(6)**	**(341)**	**16**	**(12)**	**376**	**12**	**872**

26.4. Uncertainty related to treatment of corporate income tax and other taxes

In the normal course of business, the Group's operations are subject to review by the tax authorities of the various countries in which the Group operates. Occasionally, this review results in differences in interpretation of existing rules (tax issues). The Group's interpretation is based on the opinion of internal experts and, where appropriate, external experts on each of the relevant issues and jurisdictions in order to make the best possible assessment of the applicability and amount of potential tax issues.

In this regard, there are disputed tax assessments in Spain for a number of taxes, including Corporate Income Tax for the periods 2005-2008, 2009-2012 and 2013-2016, against which the CEPSA Group has filed the corresponding appeals before the relevant courts. The Group has duly recognised provisions, meeting the required probability requirements, to cover the amounts related to the said tax assessments until the end of 2023.

In December 2019, the Colombian authorities completed the Income Tax audit corresponding to the 2015 financial year and issued assessments amounting to EUR 88 million, which were signed by CEPSA in disagreement. The corresponding interest on arrears, calculated on the basis of a rate of 30% since 2016, should also have to be applied. These assessments are based on a difference of interpretation with the DIAN (*Dirección de impuestos y Aduanas Nacionales* - National Tax and Customs Department) on the rules applicable to branches of foreign companies in Colombia, which, if applied, could lead to double taxation of the CEPSA branch office in Colombia, and other additional issues such as the tax deductibility of the production costs of royalties paid to the National Hydrocarbons Agency. A decision is currently pending before the Court of Cundinamarca.

In addition, and for the same reason, in September 2021, the DIAN notified two settlements totalling EUR 28 million for Income Tax and CREE (solidarity tax) corresponding to financial year 2016, including the same issued assessments signed in disagreement relating for financial year 2015, to which should be added the corresponding late payment interest calculated in the same way since 2017. In addition, on 31 March 2022, CEPSA claim against the liquidation of CREE, submitted by the DIAN in December 2021, was accepted. At the end of the financial year, the Group is awaiting the response of the reform to the claim filed on 21 June 2022 with the Court of Cundinamarca concerning the CREE.

On 29 August 2022, the Colombian authorities issued a supplementary liquidation for income tax for the year 2017 amounting to EUR 1.3 million , which has been appealed before the Court of Cundinamarca.

Based on the opinion of reputable external advisors engaged to analyse this matter, the Company considers that the possibility of obtaining a favourable resolution in the judicial process is very high, although the tax process involves some uncertainty due to the likely long duration of the litigation (5 to 6 years) in the various judicial instances. Based on this advice, the risk has been assessed as not probable and no provision has been made for this in the 2023 and 2022 financial statements.

At the time of preparing of these financial statements, 2018, 2019, 2020, 2022 and 2023 are still subject to review by the Colombian authorities.

In 2022, a liability was recorded for an ongoing dispute with the Brazilian tax authorities, which, following the recently published conclusions of the Federal Supreme Court regarding CSLL, amounts to EUR 42 million, plus late payment interest of EUR 14 million. In 2023 the liability amounts to EUR 40 million, mainly due to the payment of EUR 25 million for the years 2021, 2022 and 2023.

In Algeria, 2020 and subsequent years remain open for review, while in Abu Dhabi only 2023 and subsequent years remain open for review.

The Directors of CEPSA do not anticipate that the appeals and reviews of the years open for inspection will result in any additional material liabilities for the parent company or the other companies in the consolidated group other than those already recognised.

In the opinion of the Company's Directors and their tax advisors, the transactions with related parties are carried out at market values, the transfer prices are adequately supported and it is considered that there are no significant risks in this respect that could give rise to significant liabilities for the Company in the future.

Law 38/2022, of 27 December 2022 was published in the Official State Gazette on 28 December 2022, which establishes a temporary energy tax. 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 "Excise tax on oil and gas sales".

In addition, the Law introduced a time limit applicable to the 2023 settlement, whereby only 50% of the individual tax losses of each of the entities included in the tax group may be included in the tax base of the tax group. The amount of individual tax losses not included in the tax base of the consolidated tax group in the year in which they arise will be included in equal parts in the ten tax periods beginning on or after 1 January 2024.

The amount of tax loss carryforwards generated in 2023 by the companies in the tax group that will not be included in the 2023 tax return is EUR 48 million.

26.5. Unrecorded deferred tax assets and liabilities

The Group has not recognised deferred tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associates and joint ventures amounting to EUR 99 million at 31 December 2023 compared to EUR 192 million at 31 December 2022.

The Group has not recognised any deferred tax assets on tax losses amounting to EUR 83 million in 2023 and EUR 36 million in 2022, as it is considered unlikely that they can be utilised based on the projected earnings.

Finally, with regard to the tax assessments in Colombia, it should be noted that, in addition to the above mentioned amount payable and interest on arrears, the tax authorities could impose a penalty of up to 224%, although the related contingent tax liability has not been recognised, as a decision adverse to the Group's interests is considered unlikely.

26.6. Analysis impact of Pillar II regulation

As a large multinational group, the CEPSA Group is subject to the Pillar II Model Rules on Base Erosion and Profit Shifting (BEPS) (also known as the GloBE rules), approved by the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on 14 December 2021, to which the Member States of the European Union, among many others, have subscribed.

Under the application of the above-mentioned model rules, the Group may be required to pay an additional tax on profits earned in any tax jurisdiction where its effective tax rate, calculated at the jurisdictional level and in accordance with the above-mentioned rules, is lower than a minimum of 15%.

In Spain, the preliminary draft law on the introduction of a supplementary tax to guarantee a minimum overall level of taxation for multinational groups and large groups, which includes the transposition of Directive 2022/2523 into national legislation, has been submitted for public information.

The first year of effective application of these new global minimum tax rules, in accordance with Council Directive (EU) 2022/2523 of 15 December 2022, is 2024. Consequently, the income statement for the current year 2023 does not include any impact on the current tax expense arising from this legislation.

Management is closely monitoring the developments related to the implementation of international tax reforms that introduce an additional global minimum tax (Pillar II). During the year, the International Accounting Standards Board has issued amendments to IAS 12 that provide for a mandatory temporary exception from deferred tax accounting for the additional tax and require new disclosures in the financial statements. However, as none of the jurisdictions in which the Group operates has enacted or substantially enacted tax legislation relating to the additional tax at the date of the 31 December 2023 consolidated Financial Statements, there is no impact. In view of the above exception, management is currently assessing the potential tax impact of the additional tax, but believes that the impact will be immaterial as taxation in the various jurisdictions in which the Group operates is generally above an effective rate of 15%, with the exception of Singapore where the applicable statutory tax rate could be as low as 5%.

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 that would result in diluted earnings per share being differing from basic earnings per share.

The number of outstanding shares amounts to 536,350,000 in 2023 and 2022 (see **Nota 17.1**).

€ Millions

Profit per share	Notes	2023	2022
Consolidated profit for the year		**(267)**	**1,132**
Non controlling interests		34	(32)
Consolidated profit attributable to equity holders of the parent		**(233)**	**1,100**
Average number of shares outstanding (million)	17.1	536	536
Profit per share:			
Basic		(0.43)	2.05
Diluted		(0.43)	2.05

28. Environmental matters

ACCOUNTING POLICIES

Environmental investments are defined as investments that are included in the assets of the Group for use in its operations on a continuing basis and that have as their primary objective the minimisation of environmental impacts and the protection and improvement of the environment, i.e., the natural surroundings, including the reduction or elimination of future pollution, caused by the operations of Group companies.

Environmental expenses are those incurred to prevent, reduce or repair damage to the environment, as well as those related to environmental liabilities.

In respect of provisions for environmental risks and liabilities, the Group recognises provisions for environmental remediation costs, based on internal estimates and technical studies, for the decontamination of land at risk, charged to Other operating expenses in the consolidated Income Statement. The Group has also taken out insurance policies to cover other potential environmental damage, including civil liabilities that may arise from such damage.

CEPSA prepares its climate change disclosures in accordance with the voluntary recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This information is published in section "3.1 Advancing towards a Net Zero World" of the Integrated Management Report 2023. The main aspects included in this report in response to the TCFD's recommendations are described 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 responsible for approving the strategic objectives on climate change and those 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 "Positive Motion" 2030 strategy, which includes decarbonisation targets. It also approved the "Climate Action Policy" in 2021, which provides the framework for articulating the company's ambitions, which has been reviewed and broadened by the Board in 2023.

- The Management Committee is responsible for decision making and resource allocation, and monitors the company's performance in relation to strategy. The Sustainability and Energy Transition 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 operations to significantly lower emissions levels.

- Strategy: Through its "Positive Motion" strategy, assessed against the Assessing Low Carbon Transition (ACT) standard using the Oil & Gas sector specific methodology, CEPSA is committed to being an active player and protagonist in the transition to a carbon neutral economy.

  The Company's ambition is to be Net Zero by 2050, in line with the 1.5ºC reference climate scenarios of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). To this end, CEPSA has set itself the targets of reducing Scope 1 and 2 carbon emissions at an operational level by 55% , and reducing the carbon intensity of the energy sold, including Scope 1 and 2 emissions from its production and Scope 3 emissions derived from its use, by between 15% and 20%, by 2030 compared 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 impact of the relevant risks assessed under the three climate scenarios, proving the resilience of the strategy to the three climate scenarios assessed.

- CEPSA's Integrated Risk Control and Management System follows the COSO-ERM methodology and the ISO 31000 international reference standard for Risk Management. The Climate Change Risk map, consolidated in 2021 and updated in 2023, incorporates the definition of climate risks as recommended by TCFD. The risks identified in the assets under operational control have been analysed according to the three climate scenarios and time horizons mentioned above.

  We have also identified the opportunities associated with climate change that are part of the "Positive Motion" strategy, 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 other mechanisms in place to monitor and set targets for managing 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 value chain emissions associated with the use of our energy products sold.

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

Information corresponding to changes in the environmental investments for 2023 and 2022 is as follows:

Environmental investments — € Millions

Year 2023	Balance at 01.01.2023	Additions (charges)	Disposals/ amounts used	Other movements	Balance at 12.31.2023
Environmental assets	736	166	(1)	33	934
Accumulated depreciation environmental assets	(495)	(29)	1	(4)	(527)
Total	**241**	**137**	**—**	**29**	**407**

Year 2022	Balance at 01.01.2022	Additions (charges)	Disposals/ amounts used	Other movements	Balance at 12.31.2022
Environmental assets	678	65	(1)	(6)	736
Accumulated depreciation environmental assets	(469)	(28)	1	1	(495)
Total	**209**	**37**	**—**	**(5)**	**241**

With a view to contributing to a Sustainable Development, the CEPSA Group has established programmes for the continuous improvement of its production processes, reduce effluents, eliminate spills and manage solid waste. To achieve this goal, an Environmental Management System has been implemented and is being updated to ensure compliance with applicable legal obligations and the above commitment to continuous improvement. The CEPSA Group's environmental investments reflect the commitments made through its environmental targets and the "Positive Motion" strategy mentioned above.

The most significant environmental assets are the sulphur recovery units, amine and acidified water treatment plants, waste water treatment plants (chemical and biological) and technical improvements to production plant equipment in order to improve energy efficiency and reduce CO2 and NOx emissions.

€ Millions

Environmental provisions	Notes	2023	2022
Opening balance for the year		65	25
Additions/ Charges		3	41
Disposals/ Amounts used		(2)	(1)
Other changes		2	—
Closing balance for the year	21	**68**	**65**

Environmental provisions include the CEPSA Group's best estimate of the contractual or legal obligations and commitments to prevent, reduce or remediate environmental damage by charging to professional services or repair and maintenance expenses.

Environmental provisions include provisions for environmental measures to remediate the risk of gradual soil contamination, which is the only risk not covered by the insurance policies taken out by the CEPSA Group. The amounts used during the year mainly relate to extraordinary expenses incurred for soil treatment.

In 2023, the most significant additions were EUR 2 million recorded in the Mobility business, and in 2022, the additions recognised for the remediation of the soils of the Tenerife Energy Park amounting EUR 37 million, related to the start of the dismantling of the latter (See **Note 21**).

At 31 December 2023 and 2022, the CEPSA Group's environmental expenses amounted to EUR 70 million and EUR 102 million, 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 which began in February 2022, it should be noted that CEPSA does not own or operate any assets, does not maintain relevant commercial relationships 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 October 2023, armed groups began harassing commercial vessels transiting the Red Sea, which continues today despite international government action. This has caused significant disruption to shipping routes between Europe and the Middle East and Asia.

The result has been an increase in freight costs, delivery times and risk premiums on the price of crude oil. Although these factors have a negative impact on international trade and higher costs may have an impact on inflation and the outlook, Western economies have been quick to adjust to this new risk and minimise its ultimate impact.

The CEPSA Group's operates in an environment characterised by a number of external factors, changes in which could affect the manner in which operations are conducted and the results obtained.

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 provides information on the Group's exposure to each of these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital. Additional quantitative disclosures are provided below.

29.2. Risk management model

The Board of Directors, through the Audit, Compliance, Ethics, and Risks Committee, and other specialised committees, together with the heads of the relevant business units, regularly oversees and monitors the risks and, where appropriate, adjusts the risk profile to prevailing circumstances.

A) CREDIT RISK

Credit risk is generally defined as the risk of financial loss to which the Group is exposed when it extends commercial or financial credit to a third party and the third party fails to meet its obligations, typically due to liquidity or solvency problems. The Group is exposed to credit risk in its trading and financing activities, including deposits with banks and financial institutions, foreign exchange transactions and the trading in financial instruments.

Trade payables: The Group has no significant concentration of credit risk on trade payables as they are spread over a large number of customers and other counterparties. A significant portion of these balances arise from oil product logistics exchanges and trading activities, which are well collateralised and represent very significant amounts.

In order to manage this risk, the Group has IT systems for the comprehensive and automated processing of both external and internal data. This information, together with the application of scoring models and the assessment of risk analysts, is used to classify counterparties according to their credit risk and to establish a credit limit for each of them. In certain cases, either due to accumulation or non-acceptance of risk, the Group transfers the risk of non-payment by certain counterparties to third parties by arranging bank guarantees or credit insurance policies.

The Group also has a number of internal policies and procedures, which are regularly updated, governing the management of credit risk globally and for each business. These rules cover, among other things, the setting of credit limits, the monitoring and control of these limits, the determination of the most appropriate collection instruments, the guarantees to be requested in the event of excessive or unacceptable risk, the measures to be taken in the event of non-payment in order to recover amounts due, etc.

On the basis of the parameters relating to the creditworthiness of customers and their payment behaviour included in the credit analysis system, the customer portfolio can be classified as follows:

- High quality: Preferred customers, customers with excellent rating and financial capacity, customers with prepayment or secured payment terms.
- Medium quality: Medium customers with a good reputation and financial capacity, but with history of slow payment.
- Low quality: New customers with no credit history, customers with a history of late payment and weak financial capacity.

The breakdown of this analysis for the years 2023 and 2022, is as follows:

Credit quality € Millions

Year 2023	Notes	High quality	Medium quality	Low quality	Total
Trade and other receivables	15	2,273	168	43	2,484
Trade and other receivables with related parties	15	42	—	—	42
Public Administrations	15	103	—	—	103
Other finance assets	12	191	—	—	191
Cash and cash equivalents	16	659	—	—	659
Total		**3,268**	**168**	**43**	**3,479**

Year 2022	Notes	High quality	Medium quality	Low quality	Total
Trade and other receivables	15	2,366	89	68	2,523
Trade and other receivables with related parties	15	65	—	—	65
Public Administrations	15	159	—	—	159
Other Finance assets	12	358	—	—	358
Cash and cash equivalents	16	476	—	—	476
Total		**3,424**	**89**	**68**	**3,581**

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 2023 and 2022 is as follows:

€ Millions

Non-impaired receivables	2023	2022
Debt not past due	2,467	2,614
Debts 0-30 days past due	95	121
Debts 31-90 days past due	36	12
Debts 91-180 days past due	7	20
Debts more than 180 days past due	32	7
Total trade and other receivables	**2,637**	**2,774**

In addition, credit insurance is in place to cover the risk of non-payment of part of the overdue debt for which no provision has been made. Guarantees are also in place to cover another part of the overdue debt.

In order to mitigate the credit risk arising from treasury and financial debt positions, the Group only works with highly solvent financial institutions of recognised prestige at national and international standing. In this context, counterparty risk and the contracting of investments and financial instruments are analysed, paying particular attention to the creditworthiness of each counterparty, while avoiding concentration risk.

B) LIQUIDITY RISK

Liquidity risk relates to the Group's ability to meet all of its current and foreseeable obligations, to refinance its borrowings and obtain new financing at reasonable market rates in order to meet the financial needs required for the proper conduct of its business.

The Group monitors its financial position on an ongoing basis by preparing short-term cash forecasts and long-term financial planning, which is included in both the Budget and the strategic plan.

In this context, the Group follows a conservative financial policy whereby it maintains available amounts in cash and other liquid instruments, as well as undrawn committed credit lines, sufficient to cover debt maturities for a period of more than four years without the need to access the markets for new financing or refinancing of existing lines.

The Group regularly assesses the concentration of risk associate with the refinancing of its debt on a recurring basis and has concluded that it is low.

The maturities of the existing financial liabilities at 31 December 2023 and 2022 are analysed in the attached tables:

Financial liabilities maturity — € Millions

Year 2023	0-3 months	3-12 months	2 years	3 years	4 years	5 years	>5 years	Total
Payables								
Account payables	3,789	382	—	—	—	—	—	4,171
Related parties	1	3	—	—	—	—	—	4
Total receivables	3,790	385	—	—	—	—	—	4,175
Borrowing								
Denominated in USD	8	57	64	337	135	32	16	649
Denominated in EUR	40	183	696	755	101	609	64	2,448
Other currencies	2	68	30	56	14	14	37	221
Total borrowings	50	308	790	1,147	251	655	116	3,317
Bank borrowings relating to finance leases								
Denominated in USD	5	16	16	14	13	6	2	72
Denominated in EUR	38	113	107	85	55	44	229	671
Other currencies	2	7	9	9	9	7	11	54
Total bank borrowings relating for finance leases	45	136	133	107	77	57	242	797
Financial derivatives liabilities	46	31	47	52	(1)	13	—	188
Other liabilities								
Prepayments and deposits	3	1	36	—	—	—	1	41
Other payables	—	—	9	1	1	1	1	13
Other liabilities	90	118	2	—	—	—	—	210
Total other liabilities	94	119	47	1	1	1	2	265
Total liquidity risk	**4,025**	**979**	**1,018**	**1,307**	**328**	**725**	**360**	**8,742**

Financial liabilities maturity — € Millions

Year 2022	0-3 months	3-12 months	2 years	3 years	4 years	5 years	>5 years	Total
Payables								
Account payables	3,605	591	—	—	—	—	—	4,196
Related parties	2	8	—	—	—	—	—	10
Total receivables	3,607	599	—	—	—	—	—	4,206
Borrowing								
Denominated in USD	12	80	70	67	370	150	43	792
Denominated in EUR	272	150	63	662	752	82	590	2,571
Other currencies	24	107	91	14	—	—	—	236
Total borrowings	308	337	224	743	1,122	232	633	3,599
Bank borrowings relating to finance leases								
Denominated in USD	6	16	21	16	14	13	6	92
Denominated in EUR	36	107	93	75	59	41	217	628
Other currencies	2	8	9	9	9	9	19	65
Total Bank Borrowings relating for finance leases	44	131	123	100	82	63	242	785
Financial derivatives liabilities	459	871	64	69	85	12	51	1,611
Other liabilities								
Prepayments and deposits	4	2	3	—	—	1	1	11
Other payables	—	—	17	—	1	—	2	20
Other liabilities	93	162	26	—	—	—	—	281
Total other liabilities	97	164	46	—	1	1	3	312
Total liquidity risk	**4,515**	**2,102**	**457**	**912**	**1,290**	**308**	**929**	**10,513**

C) MARKET RISK

This is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. The Group is exposed to various types of market risk (commodity price risk, foreign exchange risk, interest rate risk) that affect its financial results. The main market risks inherent in the oil sector arise from fluctuations in the price of crude oil and its derivatives, the refining margin and the exchange rate.

The Group monitors its exposure to market risk through ongoing sensitivity analysis. For each of the market risk factors listed below, a table shows the sensitivity of the Company's net income to the factors to which the financial instruments are exposed is shown.

The estimates made represent the impact of both favourable and unfavourable changes. The impact on profit or loss is estimated on the basis of the financial instruments held by the Group at the end of each year.

Financial instruments exposed to market risk include financial assets at fair value through profit or loss on the consolidated Income Statement (FV - TPL), available-for-sale financial assets, derivative financial instruments, short-term deposits, loans and other financial instruments.

I. Foreign currency risk

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in the exchange rates in which the Company operates. The Group's exposure to foreign exchange risk relates primarily to import and export activities (where revenues or expenses are denominated in a currency other than the Company's functional currency) and the translation of the financial statements of foreign subsidiaries.

The Group's earnings are exposed to fluctuations in the exchange rates of the currencies in which it operates. 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 31 December 2023 and 2022, the Group's dollar-denominated debt, including euro-denominated facilities (debt with credit institutions and bond issues) swapped into dollars through cross currency swaps, amounted to an equivalent value of EUR 2,432 million and EUR 2,499 million, respectively (see **Note 18**), representing 77% and 78%, respectively, of the Group's total gross consolidated debt. Some 37% of the dollar-denominated debt is allocated to accounting hedges, mainly net investment hedges (USD 905 million) (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 Group's consolidated Profit and Equity:

€ Millions

	2023		2022	
Effect of fluctuations in the euro against the dollar	Impact on Consolid'd Profit	Impact on Equity	Impact on Consolid'd Profit	Impact on Equity
+ 0,05 USD/EUR	2	27	4	80
- 0,05 USD/EUR	(2)	(29)	(5)	(87)

II. Commodities price risk

The Group's operations are exposed to the development of certain commodity prices quoted on international markets, including the price of oil and natural gas, the price of oil products, the price of the electricity pool, the price of emission rights, etc. The high degree of vertical integration, which has increased in recent years, enables the Group to mitigate the cyclical effects and their impact on results.

Oil price fluctuations also have an impact on the Refining and the Marketing businesses, unlike the impact on the Exploration and Production business, the scale of which depends, among many other factors, on the speed with which changes in commodity prices are passed on to the international and local markets for finished product.

Exposure to all these prices is monitored on an ongoing basis, and in certain cases, the Group enters into financial derivatives in order to reduce its exposure to price fluctuations. These derivatives therefore provide an economic hedge of earnings, although they are not always designated 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 Group's consolidated Profit and Equity to a 10% increase or decrease in crude oil prices:

€ Millions

	2023		2022	
Effect of fluctuations in the crude oil	Impact on Consolid'd Profit	Impact on Equity	Impact on Consolid'd Profit	Impact on Equity
+ 10 %	—	(1)	1	—
- 10 %	—	1	(1)	—

III. Interest rate risk

The Company's exposure to interest rate risk mainly relates to the Company's floating rate borrowings, mainly linked to ERM, SOFR and EURIBOR. The Company's policy is to manage its debt portfolio with the objective of minimising the cost of debt, but at the same time securing a very significant portion of the debt at a fixed rate.

In order to manage and mitigate this risk, CEPSA, where appropriate, obtains fixed rate financing or enters into interest rate hedges through financial derivatives (see **Note 30**).

The sensitivity analysis excludes all fixed rate financial instruments which are carried at amortised cost as well as those floating rate borrowings that, through derivative transactions, have an overall effect similar to the fixing of a fixed rate. Both currency and commodity price derivatives are not 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 Group's consolidated Income Statement and Equity to reasonably possible changes in interest rates, assuming all other variables remain unchanged.

€ Millions

Effect of fluctuations in the interest rate	2023 Impact on Consolid'd Profit	2023 Impact on Equity	2022 Impact on Consolid'd Profit	2022 Impact on Equity
+ 0,5%	(3)	3	(5)	9
- 0,5 %	3	(3)	5	(9)

D) CAPITAL MANAGEMENT

The CEPSA Group's primary capital management objective is to maintain a sound capital structure.

This overall objective is pursued by controlling the level of indebtedness in order to be able to respond to possible changes in the economic and sectoral environment and, above all, to ensure the preparation of adequate financing to take on new profitable business opportunities that can act as new pillars of growth and create significant value.

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:

€ Millions

Ratio of Cepsa Group Debt to Equity (gearing)	Notes	2023	(*) 2023 ajusted	2022	(*) 2022 ajusted
Non-current finance liability		3,263	2,735	3,210	2,678
Current finance liability		377	215	716	554
Gross liability	18	3,640	2,950	3,926	3,232
Less: Cash and cash equivalents	16	(659)	(659)	(476)	(476)
Net debt		***2,981***	***2,291***	***3,450***	***2,756***
Equity		***3,587***	***3,587***	***4,832***	***4,832***
Net debt / (Equity + Net Debt)		***45.39%***	***38.98%***	***41.66%***	***36.32%***

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

€ Millions

Net debt to EBITDA ratio	Notes	2023	(*) 2023 ajusted	2022	(*) 2022 ajusted
Net debt		*2,981*	*2,291*	*3,450*	*2,756*
EBITDA (adjusted CCS)	6	1,402	1,402	2,939	2,939
IFRS 16 adjustments (reversal)					
IFRS 16 adjustments (reversal) - Leasing payments		—	(177)	—	(158)
Adjusted EBITDA (included IFRS 16)		***1,402***	***1,225***	***2,939***	***2,781***
Net debt / EBITDA		***2.13***	***1.87***	***1.17***	***0.99***

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

The Group regularly analyses this ratio with forward-looking estimates and regards it as a key factor in determining investment and dividend policy.

E) ENVIRONMENTAL RISKS

The Group has a 'Health, Safety, Environment and Quality Policy' that aims to ensure the protection of the environment in the development of its activities. It covers aspects such as reducing of consumption and impact on the atmosphere, climate, marine environment, soil, groundwater, noise levels and biodiversity. It also serves as the basis for implementing the organisation's Environmental Management System in accordance with the main applicable standards.

The Group has an Environmental Management System that is audited and reviewed annually by an independent third party and covers all Group's operations. In addition, 84% of CEPSA's facilities are certified under ISO 14001. This enables the Group to ensure compliance with applicable legislation and to reduce the impact of its activities, facilities, products and services in a transparent way that meets the expectations of stakeholders. The Group has reinforced this system with ISO 50001 certification (for energy consumption management and energy efficiency) at the energy parks in Spain in Gibraltar San Roque, La Rábida, Tenerife, chemical plants in Palos and Puente Mayorga and Detén in Brazil, and at our Research Centre.

The Group also prepares and publishes annual environmental statements for its main sites in Spain, which are externally validated together with their environmental management systems in accordance with the requirements of the European Eco-Management and Audit Scheme (EMAS).

The Group has technical teams in each business unit that control and manage all the environmental aspects related to it, ensuring compliance with legal requirements and the maximum reduction of impacts. Similarly, at corporate level, there is another technical team specialising in each of the environmental vectors to support the different business units.

the Group applies the precautionary principle, as set out in the Rio Declaration on the Environment in our activities through the following measures:

- Risk Identification, assessment and minimisation.
- Audit programmes.
- Environmental Impact Assessments (EIA).
- Due diligence in the procurement and acquisition processes of industrial equipment.
- Material Safety Data Sheets for all products.
- Impact management, such as in the marine environment, where CEPSA is very active in establishing plans, protocols and exercises aimed at preventing marine pollution.

30. Financial derivatives and hedge operations

ACCOUNTING POLICIES

I. Initial recognition and subsequent measurement

The CEPSA Group uses hedging and derivative financial instruments, mainly futures and swap contracts with crude oil, gas and product brokers, to manage 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 the Group management. The monitoring process ensures the separation of the execution and control functions.

For foreign exchange and interest rate risks, the transaction limits and hedging instruments, principally forward foreign exchange contracts and interest rate swaps, are also approved by Group management. The monitoring process maintains segregation of duties.

Such derivative financial instruments are initially recognised 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 recognised as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value and settlement of derivatives that are not designated as accounting hedges in accordance with IFRS 9 are recognised directly in the consolidated Income Statement as financial income or financial expenses in the case of foreign exchange and interest rate derivatives, or in operating profit or loss in the case of commodity derivatives if they relate to the general operating activities.

In the normal course of business, the Group enters into forward contracts for the purchase and sale of crude oil and natural gas. These contracts are entered into and maintained in order to meet the Group's procurement and delivery needs for these commodities in accordance with the periodic estimates of the Group's hydrocarbon purchases and sales. The contracts are systematically monitored and adjusted as necessary by physical delivery. As a result, these contracts are considered to be for "own use" and therefore outside the scope of IFRS 9.

As a part of the ordinary activities of the Trading segment, in addition to the supply of crude oil for the Group's needs, proprietary trading activities are carried out using some of the own-use supply contracts that 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 agreements.

II. Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it intends to apply hedge accounting, and its 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 criteria for hedge effectiveness (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 conditions:

• 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 qualify 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 recognised assets or liabilities or unrecognised firm commitments, such as gas supply contracts, that are attributable to a particular risk could affect the consolidated Income Statement. Changes in the value of the hedging instrument and the hedged item that are attributable to the hedged risk are recognised in the Income Statement, and the valuation is also recognised 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 borrowings. In addition, commodity swaps are used to reduce the exposure to changes in the variable of highly probable forecast natural gas purchase or sale transactions.

The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income, while the ineffective portion is recognised immediately in the consolidated Income Statement, under Finance income or expense.

Amounts recognised in Other Comprehensive Income are transferred to consolidated Income Statement when the hedged transaction affects the net profit. Both the hedging instrument and the hedged transaction are reported in the same line 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 if the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in Other Comprehensive Income remains separately recognised in Equity until the forecast transaction occurs or the firm commitment is settled.

Net investment hedges

The Group uses both non-derivative financial liabilities (such as bank loans) and derivatives financial instruments (mainly currency swaps) to hedge the exposure to changes in the EUR/USD exchange rate on net investments in foreign operations where the functional currency is the US dollar.

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in Other Comprehensive Income while any gains or losses relating to the ineffective portion are recognised in the consolidated Income Statement as financial income or expense.

On disposal of the foreign operation, the cumulative amount of such gains or losses recognised 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 guarantees are initially recognised as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date, and the amount initially recognised less accumulated amortisation.

The breakdown of the notional amount and fair value of the derivatives entered into by the Group for financial years 2023 and 2022 is as follows:

€ Millions

Trading derivatives	Year 2023				Year 2022			
	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	276	4	1,197	(32)	223	8	1,481	(62)
Buy EUR / sell USD	45	—	—	—	—	—	—	—
Buy EUR / sell GBP	—	—	6	—	7	—	—	—
Buy EUR / sell BRL	16	—	18	—	57	6	—	—
Buy USD / sell JYP	—	—	—	—	—	—	7	—
Swap EUR-GBP	24	—	—	—	—	—	—	—
Cross Currency Swaps	175	5	1,081	(40)	—	—	—	—
Interest Rate Swaps	90	3	—	—	—	—	—	—
Collar buy USD / sell CNY	—	—	59	(1)	—	—	5	(1)
Total	**626**	**12**	**2,361**	**(73)**	**287**	**14**	**1,493**	**(63)**
Commodities price derivatives								
Swaps (oil and products)	201	12	121	(2)	8	4	65	(2)
Swaps (power)	33	11	41	(13)	51	48	40	(35)
Swaps (natural gas)	46	3	—	—	—	—	297	(353)
Total	**280**	**26**	**162**	**(15)**	**59**	**52**	**402**	**(390)**
Total trading derivatives	**906**	**38**	**2,523**	**(88)**	**346**	**66**	**1,895**	**(453)**

€ Millions

Hedging derivatives	Year 2023				Year 2022			
	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 swaps	720	21	100	(3)	844	41	534	(2)
(interest tranch) (*)	—	—	—	—	175	11	175	8
Swaps (hedge of refining margin)	119	10	34	(3)	—	—	410	(34)
Swaps (natural gas)	—	—	—	—	—	—	6	(3)
Total	**839**	**31**	**134**	**(6)**	**1,019**	**52**	**1,125**	**(31)**
Net investment hedge								
Cross currency swaps	362	12	797	(60)	469	23	2,374	(206)
Forwards buy EUR / sell USD	—	—	104	(1)	—	—	105	(3)
Total	**362**	**12**	**901**	**(61)**	**469**	**23**	**2,479**	**(209)**
Cost of hedging								
Swaps (Brent)	—	—	—	—	73	30	—	—
Swaps (natural gas)	—	—	—	—	—	—	1,987	(854)
Total	**—**	**—**	**—**	**—**	**73**	**30**	**1,987**	**(854)**
Total hedging derivatives	**1,201**	**43**	**1,035**	**(67)**	**1,561**	**105**	**5,591**	**(1,094)**

(*) Concerning hedge accounting, several syntetic 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 foreign exchange rate risk are forward contracts and currency swaps, in accordance with the established risk management policy (see **Note 29**).

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

In this regard, the CEPSA Group has assigned exchange rate derivatives as a net investment hedging instrument to the following companies: "Cepsa Colombia, S.A.", "Cepsa (Rhourde el Rouni), Ltd.", "Cepsa Peruana, S.A.C.", "Coastal Energy KBM SDN BHD", "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 a functional currency of USD 905 million at year-end 2023 (USD 2,420 million at year-end 2022), while no financing has been assigned at year-end 2023 (USD 213 million at year-end 2022).

At the end of 2023, there are cross-currency swaps (CCS) on loans and borrowings of EUR 1,869 million, which convert this indebtedness into dollars.

No ineffectiveness has been identified in the above hedges.

The table below shows the balances and movements for these net investment hedge included in the chapter Equity of the balance *Adjustments for changes in value* in hedge operations corresponding to the 2023 and 2022 financial years.

€ Millions

Valuation adjustments in hedges - Movements	Notes	2023	2022
Opening balance		**(573)**	**(481)**
Gains or losses recognised directly in equity		33	(108)
Reclassification during the year to profit or loss		192	16
Closing balance	17	**(348)**	**(573)**

30.2. Commodities price risk

SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Group monitors its exposure to market risk through an ongoing sensitivity analysis for crude oil and natural gas prices, the prices of petroleum and petrochemical products, pool electricity prices, emissions allowances prices, etc.

With a view to reducing exposure to these risks, the Group enters into derivative financial instruments that provide an economic hedge of its consolidated profit, although not in all cases designated as accounting hedges.

At the end of 2023, the Group has cash flow hedges related to crude oil purchases and sales and refining margin components.

30.3. Interest rate price risk

The Group's policy in respect of its exposure to interest rate risk is to manage its interest expense through the use of both fixed and floating rate debt, interest rate swaps –where the Group agrees to exchange the difference between fixed and floating rate interest amounts at specified intervals –, and cross currency swaps (CCS) –where the Group exchanges one flow of principal and interest in US dollars for another flow of principal and interest in euros at a pre-determined exchange rate at maturity.

Interest rate swaps are currently used as part of cash flow hedges to cover variable rate embedded debt obligations. The notional amount of the debt covered by these swaps is EUR 821 million and EUR 844 million in 2023 and 2022, respectively.

The following table, for financial years 2023 and 2022, summarizes the maturity of the Group's derivatives based on discounted contractual payments:

Derivatives - Maturities

€ Millions

Year 2023	0-3 months	3-12 months	1-3 years	>3 years	Total
Derivatives assets					
Cash flow hedging derivatives	3	15	2	11	31
Net investment hedging derivatives	—	11	—	—	11
Derivatives not designated hedge accounting	18	10	—	11	39
Total	**21**	**36**	**2**	**22**	**81**
Derivatives liabilities					
Cash flow hedging derivatives	(1)	(2)	—	(3)	(6)
Net investment hedging derivatives	—	(10)	(49)	(2)	(61)
Derivatives not designated hedge accounting	(46)	(2)	(20)	(20)	(88)
Total	**(47)**	**(14)**	**(69)**	**(25)**	**(155)**

Year 2022	0-3 months	3-12 months	1-3 years	>3 years	Total
Derivatives assets					
Cash flow hedging derivatives	—	1	33	18	52
Fair value hedging derivatives	11	19	—	—	30
Net investment hedging derivatives	—	—	23	—	23
Derivatives not designated hedge accounting	18	—	—	48	66
Total	**29**	**20**	**56**	**66**	**171**
Derivatives liabilities					
Cash flow hedging derivatives	(12)	(25)	6	—	(31)
Fair value hedging derivatives	(223)	(631)	—	—	(854)
Net investment hedging derivatives	(3)	—	(84)	(121)	(208)
Derivatives not designated hedge accounting	(219)	(200)	—	(35)	(454)
Total	**(457)**	**(856)**	**(78)**	**(156)**	**(1,547)**

31. Fair value

ACCOUNTING POLICIES

In accordance with IFRS 13, the Group uses the following hierarchy to determine the fair value of derivative financial instruments and available-for-sale financial assets:

• Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

• Level 2: Valuation techniques for which the smallest significant 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 not observable.

Interest rate swaps, forward foreign exchange contracts, and forward commodity contracts are valued using valuation techniques based on market observable inputs such as foreign exchange rates (spot and forward), interest rate curves or forward commodity price curves.

With respect to a comparison between the carrying value and the fair value of the Group's financial assets and liabilities, Management believes that the fair value of financial assets and liabilities approximates their carrying value, except for fixed rate loans and the portion of trade receivables that have been securitised.

The fair value of the fixed rate loans is based on the cash flow discount rate. There are no fixed rate borrowings at the end of 2023 and 2022 .

The fair value of the fixed rate bonds outstanding at 31 December 2023 was EUR 1,331 million, while their carrying amount was EUR 1,395 million (see **Note 18**).

At 31 December 2023, the Group's own credit risk is considered to be insignificant.

Fair value of financial instruments

€ Millions

	2023				2022			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Derivative Assets								
Interest rates derivatives	21	—	21	—	46	—	46	—
Exchange rate derivatives	24	—	24	—	43	—	43	—
Commodities derivatives	36	—	36	—	82	—	82	—
Total	**81**	**—**	**81**	**—**	**171**	**—**	**171**	**—**
Derivative Liabilities								
Interest rates derivatives	—	—	—	—	(12)	—	(12)	—
Exchange rate derivatives	138	—	138	—	278	—	278	—
Commodities derivatives	17	—	17	—	1,281	—	1,281	—
Total	**155**	**—**	**155**	**—**	**1,547**	**—**	**1,547**	**—**
Fair value through other comprehensive income measurement category								
Sub-portfolio of trade receivables subject to securitization	241	—	241	—	303	—	303	—
Total	**241**	**—**	**241**	**—**	**303**	**—**	**303**	**—**
Assets and liabilities for which fair values are disclosed								
Corporate bonds	1,331	1,331	—	—	1,249	1,249	—	—
Total	**1,331**	**1,331**	**—**	**—**	**1,249**	**1,249**	**—**	**—**

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 either party, or more than one party acting together, directly or indirectly, or through shareholder or equity ownership arrangements, has the power to exercise or have exercised significant influence over the other party in making financial and operating policy decisions. Related parties include the Group's shareholders, directors and key management personnel, as well as its subsidiaries, associates, joint ventures and other related parties. The terms of these transactions are approved by the management of each company and are carried out on terms agreed by the Board of Directors.

Transactions between the Company and its subsidiaries, which are related parties, have been 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 2023 and 2022 are broken down below:

Transactions with associates and joint ventures and other related

€ Millions

Year 2023	Notes	Associates	Joint Ventures	Others	Total
In the consolidated Balance Sheet					
Trade and other receivables	15	16	22	4	42
Current and non-current loans	12	—	—	5	5
Trade and other payables		2	1	1	4
Total		**18**	**23**	**10**	**51**
Consolidated Income Statement					
Revenue		137	89	30	256
Procurements		10	22	452	484
Other operating costs		4	5	13	22
Finance income		—	1	—	1
Total		**151**	**117**	**495**	**763**

€ Millions

Year 2022	Notes	Associates	Joint Ventures	Others	Total
In the consolidated Balance Sheet					
Trade and other receivables	15	29	14	22	65
Current and non-current loans	12	—	—	8	8
Trade and other payables		4	2	10	16
Total		**33**	**16**	**40**	**89**
Consolidated Income Statement					
Revenue		193	90	242	525
Procurements		11	30	509	550
Other operating costs		6	2	12	20
Finance income		—	2	—	2
Total		**210**	**124**	**763**	**1,097**

Transactions and balances with these entities are principally in the ordinary course of the Group's business and are conducted on an arm's length basis.

In 2023, the line *Revenue* mainly includes transactions with the companies "Cepsa Gibraltar Ltd", "Asfaltos Españoles S.A.", "CSChem Limited" and "Sorexi", while the line *Procurements* mainly includes transactions with the company "Abu Dhabi National Oil Company (ADNOC)",

32.2. Transactions with shareholders

The relevant transactions carried out by the CEPSA Group with its shareholders and the companies controlled by them in 2023 and 2022 were as follows:

€ Millions

Name of significant shareholder	CEPSA Group Company	Type of transaction	Type of relationship	2023	2022
Cepsa Holding LLC	CEPSA	Corporate	Dividends and other distributed profit	522	358
Matador Bidco Sàrl	CEPSA	Corporate	Dividends and other distributed profit	327	224
Other Minority Shareholders	CEPSA	Corporate	Dividends and other distributed profit	1	1

33. Remuneration and other benefits for the Board of Directors and Officers

In 2023 the remuneration of the members of the Board of Directors accrued in the Consolidated Group was EUR 5.0 million for fixed and variable remuneration (EUR 4.6 million in 2022), EUR 2.7 million for bylaw-stipulated benefits (EUR 2.8 million in 2022) and EUR 0.7 million (EUR 1.2 million in 2022) for other items.

CEPSA Group's Directors and Officers liability insurance policy was renewed for 12 months on 14 December 2023, with a total annual net premium of EUR 145 thousand for the entire Group. This amount is paid by CEPSA as the policyholder and cannot be broken down by individuals, as apart from covering Directors and Officers, it also covers all those employees who make decisions on behalf of the company.

Directors who do not perform executive functions only receive bylaw-stipulated fees, which totalled EUR 2.5 million in 2023 (EUR 2.6 million in 2022).

In accordance with the provisions of Article 229 of the Spanish Companies Act in force, 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 20, 2024 and addressed to the Secretary of the Board of Directors, confirmed their potential conflicts of interest 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.

In 2023, Mr. Van Poecke recused himself and abstained from deliberating and voting on a proposed transaction, due to a potential conflict of interest involving entities pertaining to The Carlyle Group, as recorded in the respective meeting minutes.

Mr. Maarten Wetselaar

Mr. Wetselaar currently serves as an independent director for SSE plc, a company with interests in the energy sector. In 2023, he recused himself and abstained from voting on the authorization granted by the Board to accept his outside directorship in SSE, as well from voting on: (i) the achievement of the objectives set for 2022, due to a conflict of interest arising out of his being a beneficiary of the bonus linked to such objectives; and (ii) the approval of the CEO remuneration package for 2023, inasmuch as it concerned his own compensation, as duly reflected in the corresponding meeting minutes.

Mr. James Robert Maguire

Mr. Maguire is currently Managing Director and Co-Head of Carlyle International Energy Partners (CIEP), an investment fund affiliated with The Carlyle Group and active in the oil and gas space, and serves as Director of the following entities engaged in the energy sector: (i) Assala Energy UK Limited; (ii) BSOG Holding Activity S.R.L.; (iii) CIEP Epoch NewCo 1 Ltd. (iv) Mazarine Energy B.V.; (v) Neptune Energy Group Limited; and (vi) Flamingo (Jersey) Limited.

In 2023, Mr. Maguire recused himself and abstained from deliberating and voting on a proposed transaction, due to a potential conflict of interest involving entities pertaining to The Carlyle Group, as recorded in the respective meeting minutes.

Ms. Alyazia Ali Saleh Ahmed Alkuwaiti

Ms. Alkuwaiti is currently Executive Director of UAE Industries at Mubadala Investment Company PJSC, a company active in the energy space, and is also a Director of OMV Aktiengesellschaft and Mubadala Energy, both of which operate in the same energy space as CEPSA.

Mr. Marwan Naim Salem Nijmeh

Mr. Nijmeh is currently Chief Legal Officer at Abu Dhabi National Oil Company (ADNOC), a company that is active in the energy space.

Mr. Saeed Mohamed Hamad Fares Almazrouei

Mr. Almazrouei is currently Managing Director and CEO of the Abu Dhabi Investment Council (ADIC), an entity controlled by Mubadala Investment Company PJSC, a company operating in the energy sector.

Mr. Angel Corcóstegui Guraya

Mr. Corcóstegui confirmed that for the year ended 31 December 2023 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 31 December 2023 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 on the occasion of his appointment as a Director on October 27, 2022 in connection with his controlling interest in Schanjem AS, an entity that renders consulting services to the Company.

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.

In 2023, Mr. Nikodem recused himself and abstained from deliberating and voting on a proposed transaction, due to a potential conflict of interest involving entities pertaining to The Carlyle Group, as recorded in the respective meeting minutes.

Mr. Abdulla Mohamed Ismail Ibrahim Shadid

Mr. Shadid is currently Head of the Energy & Sustainability Unit in the Direct Investments Platform at Mubadala Investment Company PJSC, a company active in the energy space.

On 1 February 2023, and on the occasion of his resignation as a Director, Mr. Joost Bart Maria Dröge 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: Managing Director for Carlyle International Energy Partners (CIEP), Director of the following Carlyle portfolio entities: (i) CIEP Epoch NewCo 1 Ltd.; (ii) Varo Energy B.V.; and (iii) Flamingo SwissCo AG and Director of the entity Lexo Energy Mauritius Ltd.

At the date that the Annual Financial Statements were formulated, no other direct or indirect conflicts of interest have been reported.

During 2023 and 2022, the average number of members of the Board of Directors was 10, while as at 31 December 2023 there are 10 men and 1 woman, as well as the non-director Secretary and Deputy Secretary.

The average number of Officers (corresponding to the members of the Management Committee, irrespective of the type of employment relationship they have) is 10 persons in 2023 and 11 persons in 2022, with 7 men and 3 women as at 31 December 2023.

Remuneration to members of Officers who are not executive directors of the Group amounted to EUR 16.0 million (EUR 11.0 million in 2022) in respect of fixed and variable remuneration and EUR 3.0 million (EUR 3.7 million in 2022) for other items. Officers 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 remuneration in 2023 is mainly due to the increase and change in its composition compared to the previous year.

34. Guarantee commitments and other contingent liabilities

At 31 December 2023 and 2022, certain Group companies had provided guarantees, mainly for bank transactions and supply contracts, whose breakdown is as follows:

Guarantees to third parties	2023	2022
		€ Millions
Public entities	535	546
Suppliers / creditors and others	4,875	5,185
Total	**5,410**	**5,731**

Guarantees arranged with suppliers/creditors and others mainly relate to guarantees provided by CEPSA to financial institutions for drawdowns under credit facilities granted to Group companies, as well as letters of credit for trade payables, which amount to EUR 2,760 million in 2023 and EUR 2,765 million in 2022. These amounts were recognised on the liability side of the consolidated Balance Sheet under *Current financial liabilities* and *Trade payables* according to their maturities.

At 31 December 2023, the Group has not pledged any financial assets as security for any liabilities or contingent liabilities.

The Group has 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 industry, the Group has commitments to purchase natural gas through "Cepsa Gas Comercializadora, S.A."

At year-end 2023 and 2022, long-term firm commitments are as follows:

Long term commitments in procurements — € Millions

Year 2023	2024	2025	2026	2027	2028	Others	Total
Natural Gas and Liquified Natural Gas	482	473	466	466	466	1,049	3,402
Gas transport fees	49	50	51	52	54	130	386
Total	**531**	**523**	**517**	**518**	**520**	**1,179**	**3,788**

Year 2022	2023	2024	2025	2026	2027	Others	Total
Natural Gas and Liquified Natural Gas	486	469	469	469	468	1,523	3,884
Gas transport fees	50	51	52	53	54	185	445
Total	**536**	**520**	**521**	**522**	**522**	**1,708**	**4,329**

These commitments have been quantified using estimates based on Brent crude oil forward curves valid at the end of 2023 and 2022, respectively, which is the main reference price for these contracts. With regard to the gas purchase commitment, it should be noted that the contract provides for the possibility of revising the applicable price until the end of the last triennium.

35. Events after the reporting period

On 2 February 2024 an agreement was signed for the sale of certain assets in Latin America belonging to Exploration and Production business. The transaction is expected to be completed in the coming months, subject to closing conditions.

The amount of the temporary energy tax, calculated on 2023 sales, is EUR 243 million. A 50% advance payment was made in February.

On 22 February 2024, Cepsa closed the agreement signed in February 2023 with Bio-Oils Energy, the biofuels company of the Apical Group, to create a joint venture, in which Cepsa holds a 55% stake and Bio-Oils Energy the remaining 45%, with the aim of jointly generating more value in the production and manufacturing process of second-generation biofuels (FAME, HVO and SAF).

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

€ Thousand

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2023	Ownership 2022	Equity: Share Capital Subscribed	Equity: Share Capital Paid	Equity: Reserves + Net Profit	Net Cost of Investment (**)	Consoli-dation Method (*)	Fiscal Group
CEPSA BUSINESS SERVICES, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Corporate services	100%	100%	60	60	2,948	3,169	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	1,490	100	G	Yes
CEPSA INTERNATIONAL B.V.	Compañía Española de Petróleos, S.A.	Beurs - World Trade Centre - Office 668 Beursplein 37. 3011 AA Rótterdam. The Netherlands	Oil and gas trading	100%	100%	3,138	3,138	24,667	36,634	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	5,418	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	2,088	61	G	Yes
TEIDE RE, S.A.	Cepsa International, B.V.	74, Rue de Merl. L - 2146 Luxemburgo. Luxemburgo	Reinsurance Operations	100%	100%	17,225	17,225	32,117	17,225	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	(15,283)	(25,812)	G	Yes
CEPSA (RHOURDE EL ROUNI), 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	94,310	32,149	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	534,775	288,923	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	(16,977)	64,302	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%	12,485	12,485	(11,724)	754	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	438,595	360,908	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	(12,935)	—	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%	100%	3	3	(11,551)	—	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	42,347	56,680	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%	11,681	11,681	15,722	29,925	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	13,538	41,163	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	(264,829)	51,191	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	238	643	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	(30,470)	(5,304)	G	No

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

(**) Book value in individual accounts

€ Thousand

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2023	Ownership 2022	Equity Share Capital Subscribed	Equity Share Capital Paid	Equity Reserves + Net Profit	Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
CEPSA GAS COMERCIALIZADORA, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Gas distribution	70%	70%	3,060	3,060	2,308	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	Electricy distribution	100%	100%	12,330	12,330	23,849	124,887	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	3,275	3,797	G	Yes
GENERACION CARTEIA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Electric energy production	100%	100%	3	3	111,977	91,052	G	Yes
GENERACIÓN ELÉCTRICA PENINSULAR, S.A.	Cepsa Gas y Electricidad, S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Cogeneration	70%	70%	32,000	32,000	39,425	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	8,158	8,722	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	12,050	12,622	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	10,741	11,297	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	2,438	2,937	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	13,100	13,647	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	6,877	7,397	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	2,970	3,497	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	2,756	3,297	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	8,302	8,797	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%	100%	500	500	521	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	3,746	4,297	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	4,645	5,197	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%	100%	500	500	525	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	3,684	4,197	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%	100%	500	500	523	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	3,788	4,297	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	Electricy sales	100%	100%	100	100	3,857	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	7,676	8,197	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	13,058	17,082	G	Yes

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

(**) Book value in individual accounts

€ Thousand

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2023	Ownership 2022	Equity Share Capital Subscribed	Equity Share Capital Paid	Equity Reserves + Net Profit	Net Cost of Investment (**)	Consoli-dation Method (*)	Fiscal Group
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	(114,885)	115,969	G	No
CEPSA CHEMICAL PRODUCTS (SHANGHAI), LTD	Cepsa Chemical (Shanghai), CO, LTD	K8 Room 308, 3F Lane 16299 Pu Wei Rd. Shanyang Town. - Jinshan Distriot Shanghai. China	Manufacturing, Commercialization of phenol, acetone and related products	75%	75%	26,176	26,176	(10,373)	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	71,319	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	8,599	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	103,689	88,067	G	Yes
CEPSA QUÍMICA NETHERLANDS, B.V.	Cepsa Química, S.A.	Beurs - World Trade Centre - Office 668 Beursplein 37. 3011-AA Rotterdam. The Netherlands	Production and sale of petrochemicals	100%	100%	80	80	580	73	G	No
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	724,635	554,932	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	13,452	10,532	G	No
DETEN QUIMICA, S.A.	Petresa Participaçoes, LTDA	Rua Hidrogenio 1744 Complejo Industrial. 42810-010 Camaçari Bahía . Brasil. Brasil	Production and sale of petrochemicals	70%	70%	61,333	61,333	137,119	231,705	G	No
DETEN QUIMICA, S.A.	Cepsa Química, S.A.	Rua Hidrogenio 1744 Complejo Industrial. 42810-010 Camaçari Bahía . Brasil. Brasil	Production and sale of petrochemicals	28%	28%	61,333	61,333	137,119	231,705	G	No
NEXT CHEMICALS IPA, S.L.	Cepsa Química, S.A.	Plaza Pablo Ruiz Picasso, nº 1 planta 30 (Torre Picasso). 28020 Madrid. España	Production and sale of petrochemicals	100%	—%	3	3	55	3	G	Sí

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

(**) Book value in individual accounts

€ Thousand

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2023	Ownership 2022	Equity: Share Capital Subscribed	Equity: Share Capital Paid	Equity: Reserves + Net Profit	Net Cost of Investment (**)	Consoli-dation Method (*)	Fiscal Group
ATLAS, S.A. COMBUSTIBLES Y LUBRIFICANTES	Compañía Española de Petróleos, S.A.	C/ Playa Benitez, s/n. 51004 Ceuta. España	Oil and gas trading	100%	100%	3,930	3,930	168	4,077	G	Yes
C.M.D. AEROPUERTOS CANARIOS, S.L.	Compañía Española de Petróleos, S.A.	Polígono Industrial Valle de Güimar Manzana XIV, parcelas 17 y 18. 38509 Güimar - Santa Cruz de Tenerife. España	Jet fuel distribution	60%	60%	21,576	21,576	11,560	12,946	G	No
CCP Hydrocarbures, S.A.R.L.	Cepsa Comercial Petróleo, S.A.U.	46, Boulevard Zerktouni, 3 étage Appto nº 6. - Casablanca - Maroc. Morocco	Shareholder	100%	100%	41,618	41,618	9,655	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	1,444	61,059	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 Cristobal de la Laguna - Santa Cruz de Tenerife. España	Oil and gas transport	100%	100%	954	954	20,771	12,986	G	Yes
CEPSA BIOENERGIA SAN ROQUE, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Oil and gas trading	100%	100%	3,003	3,003	19,947	30,950	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	3,379	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	571,044	548,998	G	Yes
CEPSA MARINE FUELS, DMCC	Compañía Española de Petróleos, S.A.	Office 3201 / 32nd floor Platinum Tower Juemeirah Lake Tower. - Dubai. EAU	Commercialization of oil products (outside EAU)	100%	100%	406	406	2,068	107	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	2,599	60	G	Yes
CEPSA PORTUGUESA DE PETROLEOS, LDA.	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	46,365	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	(369)	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	8,240	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	24,390	6,754	G	Yes
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	Paseo de la Reforma, 295 Piso 8 Oficina A Colonia Cuahtemoc. - Ciudad de México. Mexico	Petrol station administration	100%	100%	7,734	2,927	(4,911)	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	3,468	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	195,180	143,870	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	52,681	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	90%	93%	224	224	1,739	1,313	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	10%	7%	224	224	1,739	67	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	38,528	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	941	1,941	G	Yes

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

(**) Book value in individual accounts

€ Thousand

JOINTLY CONTROLLED ENTITIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2023	Ownership 2022	Equity: Share Capital Subscribed	Equity: Share Capital Paid	Equity: Reserves + Net Profit	Net Cost of Investment (**)	Consoli-dation Method (*)	Fiscal Group
ASFALTOS ESPAÑOLES, S.A. (ASESA)	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, nº 141. 28046 Madrid. España	Oil Refining to obtain asphalt products	50%	50%	8,529	8,529	25,239	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	(1,084)	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	8,000	7,744	E	No
Sociéte de Recherches et d'Exploitations Industrielles, SOREXI, S.A.	Cepsa Comercial Petróleo, S.A.U.	105, Rue Amir Abdelkader. - Casablanca. Morocco	Petrol station administration	40%	40%	1,171	1,171	20,405	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	9,797	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	13,644	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%	294,813	294,813	20,050	147,337	E	No

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(**) Book value in individual accounts

€ Thousand

ASSOCIATES

Name	Parent Company	Registered Office	Line of Business	Ownership 2023	Ownership 2022	Equity: Share Capital Subscribed	Equity: Share Capital Paid	Equity: Reserves + Net Profit	Net Cost of Investment (**)	Consoli-dation Method (*)	Fiscal Group
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	22,282	25	E	No
CS CHEM LIMITED	Cepsa Química, S.A.	Audrey House 16-20 Ely Place. EC1N 6SN London. United Kingdon	Shareholder	30%	30%	1	1	87,345	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%	1,752	1,752	88,987	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 31 December 2023:

Thousands €

List of all joint operations	Country	Operator	Nature of activities	% Ownership		Revenue		Profit before tax		Net profit		Total Assets		Total Liabilities	
				2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
RKF	Algeria	Groupement RKF (Sonatrach / Cepsa Algerie, S.L.)	Exploration & Production	49.00%	49.00%	—	148,714	(42,967)	99,109	(42,428)	35,291	204,598	207,841	99,971	88,405
Ourhoud	Algeria	Sonatrach - Organisation Ourhoud	Exploration & Production	37.13%	37.13%	224,207	273,497	160,704	197,201	83,383	107,104	57,973	79,620	20,847	41,580
Timimoun	Algeria	Groupement Timimoun (Sonatrach / TEPA/ Cepsa Algerie, S.L.)	Exploration & Production	11.25%	11.25%	32,128	38,790	15,946	29,635	11,356	15,564	46,226	57,460	8,592	5,339
BMS	Algeria	OC BMS (Sonatrach / Cepsa (Rhourde El Rouni))	Exploration & Production	75.00%	75.00%	73,157	118,355	51,387	78,956	40,825	78,956	221,859	317,712	221,859	317,712
Tiple	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	70.00%	70.00%	—	—	46	(2,782)	—	—	—	(56)	24	13
Garibay	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	50.00%	50.00%	—	—	(125)	(351)	—	—	—	921	15	367
Jilguero	Colombia	Cepsa Colombia, S.A.	Exploration & Production	57.86%	57.86%	—	—	(437)	869	—	—	—	(718)	82	172
Puntero (Manatus)	Colombia	Cepsa Colombia, S.A.	Exploration & Production	70.00%	70.00%	—	—	(548)	915	—	—	—	(4)	114	260
Merecure	Colombia	Cepsa Colombia, S.A.	Exploration	35.00%	35.00%	—	—	118	(412)	—	—	—	—	89	1,023
El Portón	Colombia	Cepsa Colombia, S.A.	Exploration & Production	50.00%	50.00%	—	—	(31)	(6)	—	—	—	—	3	18
Llanos 22	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	55.00%	55.00%	4,820	6,610	27	(6,570)	4,820	6,610	—	(3)	3,432	2,520
Balay	Colombia	PETROBRAS	Exploration & Production	30.00%	30.00%	—	—	(70)	(2,469)	—	—	172	178	—	—
Cpo 12	Colombia	Meta Petroleum	Exploration	42.80%	42.80%	—	—	—	—	—	—	—	—	—	—
Río Paez (La Cañada Norte)	Colombia	HOCOL	Exploration & Production	16.67%	16.67%	3,535	4,890	1,666	2,975	3,535	4,890	424	1,036	967	690
San Jacinto	Colombia	HOCOL	Exploration & Production	16.67%	16.67%	—	—	—	—	—	—	—	—	—	—
Caracara	Colombia	Cepsa Colombia, S.A.	Exploration & Production	70.00%	70.00%	114,510	157,986	62,054	116,486	114,510	157,986	59,016	71,222	15,739	16,205
Rodaballo	Spain	Repsol	Exploration & Production	15.00%	15.00%	—	—	—	—	—	—	—	—	3,494	1,187
Casablanca	Spain	Repsol	Exploration & Production	7.40%	7.40%	—	—	—	—	—	—	—	—	27,484	17,719
Montanazo	Spain	Repsol	Exploration & Production	7.25%	7.25%	—	—	—	—	—	—	—	—	2,202	832
Barracuda	Spain	Repsol	Exploration & Production	9.39%	9.39%	—	—	—	—	—	—	—	—	—	—
Boquerón	Spain	Repsol	Exploration	4.50%	4.50%	—	—	—	—	—	—	—	—	462	153

CEPSA

2023

INTEGRATED MANAGEMENT REPORT

Moving together

towards a better future

Contents

Chairman's statement

AHMED YAHIA AL IDRISSI

On behalf of Cepsa's Board of Directors, I would like to sincerely thank the entire Cepsa team for their extraordinary efforts throughout 2023. In a climate marked by persistent global challenges, including geopolitical conflicts and energy price volatility, the commitment and professionalism exhibited by Cepsa's workforce has been essential to progressing the company along its path to climate neutrality by 2050.

Throughout 2023 we continued to advance on our Positive Motion strategy. The strategy, which we launched in March 2022, aims to generate more than half of our EBITDA from sustainable green businesses by 2030. To deliver on our pledges, we committed to undertaking all climate actions needed to accelerate the energy transition and move towards a low-carbon economy.

> Another key highlight was the rollout of pioneering projects such as the Andalusia Green Hydrogen Valley, set to be Europe's largest hydrogen producer, and our joint venture with Bio-Oils for the construction of the largest second-generation (2G) biofuel plant in southern Europe.

During the year, we rounded out our Positive Motion strategy by launching a Sustainability Plan. This plan will build on the Sustainable Development Goals and 2030 Agenda through eight levers: talent, climate, circular economy, environment, health and safety, ethics and human rights, supply chain and communities.

The climate pledges set out in that plan include cutting our Scope 1 and 2 emissions by 55% by 2030, from a 2019 baseline, mitigating the carbon intensity of the energy products we sell by 15-20% by 2030 also from a 2019 baseline, and becoming net-zero before 2050.

We have set very ambitious targets that needed to be actioned urgently, and I am proud to say we have already delivering some of those targets.

A key milestone achieved in 2023 was the sale of our Exploration & Production assets in Abu Dhabi to TotalEnergies. This sale allowed us to accelerate our strategic goal of migrating our businesses into new sustainable areas such as green hydrogen and biofuels.

Another key highlight was the rollout of pioneering projects such as the Andalusia Green Hydrogen Valley, set to be Europe's largest hydrogen producer, and our joint venture with Bio-Oils for the construction of the largest second-generation (2G) biofuel plant in southern Europe, involving a €1.2 billion investment.

To reinforce Cepsa's commitment to innovation, Cepsa Chemicals will build the world's first plant in Huelva for the sustainable production of isopropyl alcohol (IPA), a product used in hydroalcolic gels as well as in other industries such as the medical-pharmaceutical, electronic and automotive industries.

Together, all these achievements reflect Cepsa's unwavering commitment to innovation and leadership in the transition to cleaner and more sustainable energy.

It is a major source of pride to see that we are continuously moving ahead and placing sustainability at the heart of all

our financing and investment decisions and day-to-day operations. Faced by an ever-changing global landscape, we are unwavering in our commitment to future-proofing our business and completing our sustainability transformation while remaining completely focused on delivering on our ambitious goals.

Letter from the CEO

MAARTEN WETSELAAR

It is my honour to introduce Cepsa's Integrated Report for 2023, a year replete with progress on our Positive Motion strategy.

From the very beginning I was certain that Cepsa would be able to transform itself swiftly, pivoting from being a prominent player in the Spanish oil sector to become a leader in the production of green molecules in Europe.

A strategic shift that is, moreover, necessary to respond to the global effort to combat climate change. Cepsa is doing its part in delivering the shared goals by tripling its renewable energy capacity by 2030, as agreed at the last COP28, held in Dubai. The vision underpinning our net positive ambition is to leave the generations to come a better world in the form of more sustainable mobility and energy.

In 2023 we reached a pivotal moment, marked by major transformation on the world stage, in which energy is playing a key role, with the need to step up efforts coming into clear view. Here at Cepsa we made great strides, guided by our Positive Motion strategy, all related with green hydrogen, renewable energies, biofuels and sustainable energy, taking firm steps in our transformation. Allow me to name a few examples:

At Cepsa we made great strides, guided by our Positive Motion strategy, all related with green hydrogen, renewable energies, biofuels and sustainable energy

- We announced the development of Europe's largest green methanol plant, in partnership with C2X, and we are driving, together with Rotterdam Port, the creation of the green hydrogen maritime corridor that will connect up northern and southern Europe. We made progress on our flagship project, Andalusia Green Hydrogen Valley, destined to become largest producer of this molecule in Europe, thanks to strategic agreements struck with leading players such as Fertiberia, Enagas, Alter Enersun and EDP.

- In order to realise our ambition to lead the production of 2G biofuels, in 2023 we set up a joint venture with Bio-Oils to build the largest 2G biofuels plant in southern Europe. Last year we also sealed new alliances with Volotea, Wizz Air and Air Europa to accelerate the decarbonisation of air travel through the use of sustainable aviation fuel (SAF).

In sustainable mobility, another cornerstone of the new Cepsa, we expanded our alliance with Endesa, launching an end-to-end charging solution designed to boost electric mobility by helping to roll out the infrastructure needed to enable this technology.

- In chemicals we announced the construction of the world's first plant for the sustainable production of isopropyl alcohol (IPA), in Huelva.
- We sold our Exploration & Production assets in Abu Dhabi, a momentous deal that is similarly framed by our Positive Motion strategy. That transaction puts us a step closer to achieving our goal of becoming a leading player in sustainable energy.

As for our business performance, 2023 was clearly a year of transition in which Cepsa continued to forge far-reaching transformation, recalibrating its global portfolio towards more sustainable businesses and gradually increasing its sustainable investments. All of which in a complex regulatory and fiscal framework in which we suffered the adverse impact of the windfall tax levied on energy companies.

It would be remiss of me not to underline that talent is key for the transformation of Cepsa and the success of Positive Motion. In 2023 we continued to hire new professionals to boost our transformation. We have an unprecedented opportunity to champion green talent, leveraging the advantages afforded by multi-disciplinary backgrounds and committing to new skills that can bring the energy sector's new paradigm to life.

I would like to underline that talent is key for the transformation of Cepsa and the success of Positive Motion.

And so I would like to end these lines by thanking the more than 10,000 Cepsa employees who, with their hard work, commitment and positive attitude, are allowing this centennial company to transform itself into a European benchmark in the energy transition. My thanks also to our shareholders, Mubadala and Carlyle: without them and their firm commitment to Positive Motion, none of this would be possible. And, of course, my gratitude to our customers, partners and suppliers for your tremendous support in this shared mission of guaranteeing a fair and inclusive energy transition to leave a better world for future generations.

2023 milestones

01
We enhanced the Andalusia Green Hydrogen Valley through alliances with a number of partners: Fertiberia, Enagás, Alter Enersun and EDP.

02
We bolstered the company, hiring over 1,000 professionals to reinforce our green shift in the last two years.

03
More than 500 Cepsa service stations already feature solar panels installed by Redexis.

04
We accelerated implementation of our Positive Motion Strategy by selling our Exploration & Production assets in Abu Dhabi and initiating the process of disposing of other assets in Latin America.

05
Our international ESG ratings shone the spotlight on our leadership in sustainability matters.

06
Our solar power pipeline surpassed the 2-GW mark.

07
We sealed alliances with Volotea, Wizz Air and Air Europa to accelerate the decarbonisation of air travel through the use of sustainable aviation fuel (SAF).

08
We created a joint venture with Bio-Oils for the largest construction of the largest second-generation (2G) biofuels plant in southern Europe, a €1.2 billion investment.

09
We renewed our Cepsa Gow loyalty programme, adding new discounts and benefits. .

10
We partnered with Grupo Ibereólica Renovables to further reinforce our renewables pipeline.

11

We entered into a strategic alliance with Maersk and Renfe to pilot test 2G rail fuel in Spain for the first time, successfully completing the first 100 trips.

12

Together with Yara Clean Ammonia, we struck an alliance for the development of the largest green ammonium plant in Europe.

13

We unveiled the first green hydrogen shipping corridor between northern and southern Europe in the presence of the Kings of Spain and the Netherlands.

14

We announced construction of the world's first plant for the manufacture of hydro-alcoholic gel using renewable inputs.

15

We reached the milestone of selling SAF at five of Spain's main airports.

16

The EIB awarded us a €150-million loan to fund our strategy for boosting electric mobility in Spain.

17

With Endesa, we launched a comprehensive solution for facilitating electric mobility.

18

We reached an agreement to acquire the Ballenoil service station network.

19

At COP28, alongside the president of Spain, we unveiled our partnership with C2X, an investee of AP Moller-Maersk, to develop Europe's largest green methanol plant.

20

We embarked on the development of biomethane productive facilities fuelled by agricultural waste.

Key indicators

Financial indicators

Earnings (€ million)

	2023	2022
Revenue [1]	25,159	33,446
EBITDA - IFRS[2]	630	3,262
Adjusted EBITDA	1,402	2,939
Net profit attributable to equity holders of the parent - IFRS	(233)	1,100
Adjusted net profit attributable to equity holders of the parent	278	790

Financial data (€ million)

	2023	2022
Share capital	268	268
Equity attributable to equity holders of the parent	3,526	4,706
Net debt	2,291	2,756

Sustainability indicators

	2023	2022
Scope 1 & 2 GHG emissions (million tCO_2eq)	4.9	5.6
Scope 3 GHG emissions (million tCO_2eq)	58.0	62.2
Freshwater withdrawn (thousand m^3)	15,240	16,707
Waste recovered (%)	70.9 %	64.4 %
Female employees (%)	38.9 %	38.0 %
Women in management positions (%)	28.9 %	26.7 %
Employees covered by collective bargaining agreements (%)	87 %	87 %
Employee lost workday incident frequency (LWIF)[3]	0.59	0.55
Employee total recordable incident rate (TRIR)[4]	0.71	0.98
Local suppliers (%)[5]	36.2 %	34.7 %

[1] Includes excise duty on hydrocarbons passed through on sales.
[2] International Financial Reporting Standards.
[3] LWIF: Total number of lost-time employee injuries / Actual hours worked x 1,000,000.
[4] TRIR: Total number of employee incidents recorded / Actual hours worked x 1,000,000.
[5] Supplier based in the same geographic market as the facilities or plant of the contracting Cepsa company.

01 Positive Motion

1.1 Positive Motion

Our purpose: we transform energy and mobility to improve the world together.

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. We are looking to create positive value, experiences and solutions in energy and mobility so that our customers can tackle the decarbonisation challenge and have a positive impact on their surroundings. Positive Motion translates into an ambitious investment programme through 2030, with over 60% of the total going into sustainable projects.

Sustainability lies at the heart of our transformation. We want our activities to have a positive impact on the planet and on people. To this end, in 2023 we rounded out Positive Motion by launching our sustainability plan: Driving Positive Impact. We have tied our strategy to sustainability criteria by expanding our environmental and social commitments.

1.2 Value chain

GRI: 2-6

We are a leading international company committed to sustainable mobility and energy.

EXPLORATION & PRODUCTION

We search for, find and extract oil and natural gas, both on land (onshore) and at sea (offshore).

COMMERCIAL & CLEAN ENERGIES

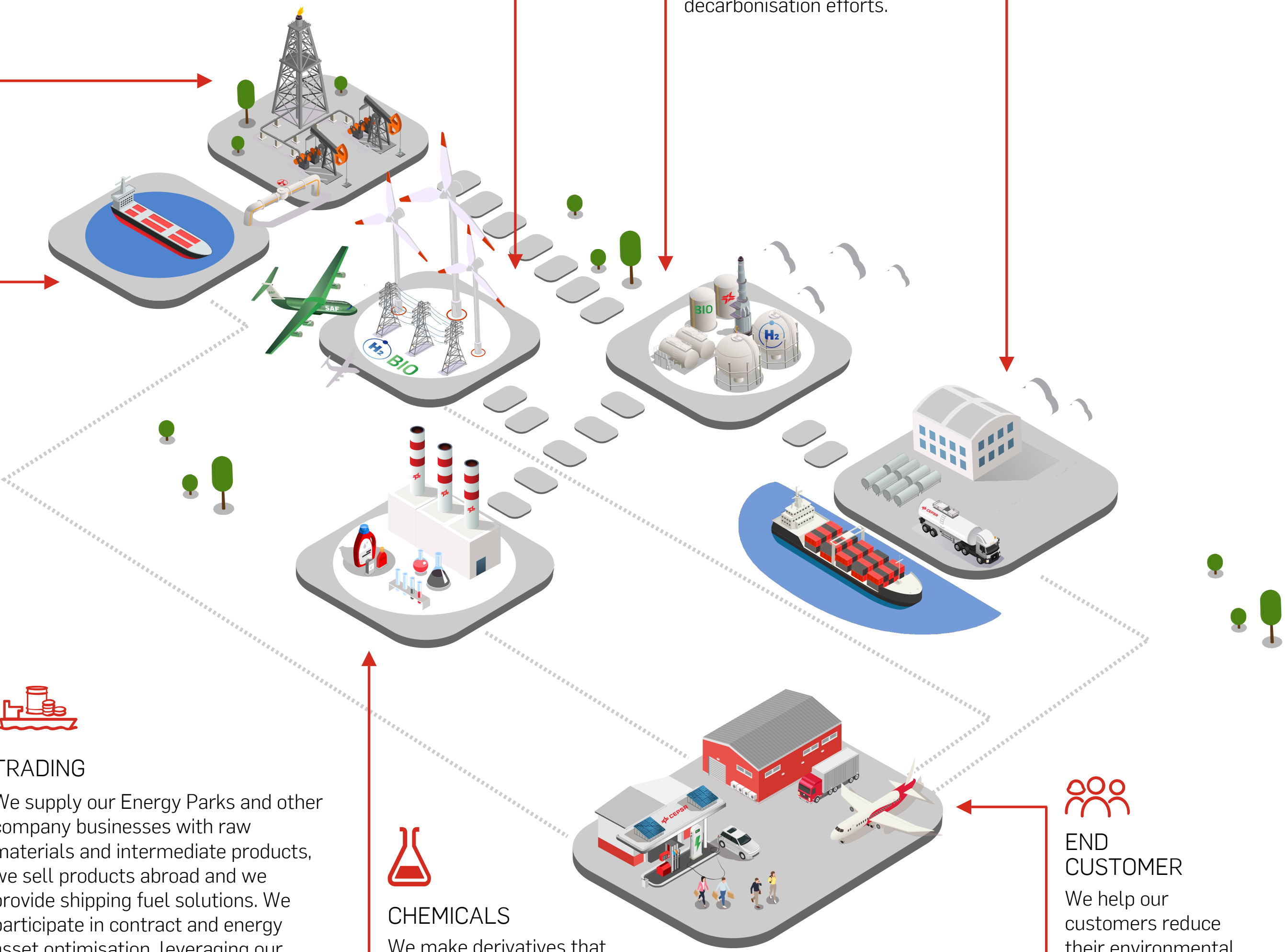
We are getting ready for the large-scale sale of biofuels and hydrogen. We distribute aviation fuel, lubricants, asphalts, gas-oil, butane and propane.

ENERGY PARKS

We transform crude oil and other renewable raw materials into products and raw materials for other industries. We leverage our innovation and sustainability efforts to develop new green products (e.g., biofuels and soon green hydrogen) in order to decarbonise our productive process and also help other sectors with their decarbonisation efforts.

MOBILITY & NEW COMMERCE

We are helping our customers with their mobility needs by offering them energy solutions that match their needs, specifically a multi-energy and ultra-convenient range over a wide-reaching network of service stations, and we are driving the decarbonisation of ground transportation (including electric mobility).



TRADING

We supply our Energy Parks and other company businesses with raw materials and intermediate products, we sell products abroad and we provide shipping fuel solutions. We participate in contract and energy asset optimisation, leveraging our market expertise. Through our Vetting area we manage the fleet devoted to our activities and ensure our quality standards are met.

CHEMICALS

We make derivatives that are used as raw materials for the manufacture of biodegradable detergents, paints, synthetic fibres, polycarbonates and specialties, among other products.

END CUSTOMER

We help our customers reduce their environmental footprint by selling them more sustainable products.

1.3

Global footprint

We are present in over 20 countries, offering energy solutions tailored for each reality.

Chemicals | Exploration & Production | Energy Parks | Gas and Electricity | Trading

Corporate | Distribution and marketing of chemical products | Distribution and marketing of energy products | Renewable energy generation

1.4
Our businesses

GRI: 2-6

1.4.1

Energy

1.4.1.1

Energy Parks

2023 MILESTONES

125 thousand tonne increase in our Energy Parks' bio-material co-processing capacity thanks to the introduction of new units.

Sale of the first shipments of HVO (100%-renewable diesel) from the La Rábida Energy Park (Huelva, Spain) following the start-up of the Gulfinishing unit at the end of 2022.

Commissioning of an ultrafiltering and reverse osmosis plant at the San Roque Energy Park (Cadiz, Spain) to permit the reuse of 20% of the water discharged into the sea and reduce withdrawal from municipal networks by more than one million m^3.

Our refining business is concentrated at two Energy Parks, located in Campo de Gibraltar (Cadiz) and Palos de la Frontera (Huelva), which we are adapting for the production of renewable fuels such as biofuels and green hydrogen. We transform crude oil into higher value-added products to meet society's needs for energy and basic materials. For example, we serve the transport, residential, industrial and petrochemicals sectors. Our refining business accounts for 30% of total installed capacity in Spain.

We are working to remain competitive in a context conditioned by the existence of surplus refining capacity in Europe, the competitiveness of new refineries located outside of Europe, the impact of the energy transition on demand for traditional products, increasingly rigorous environmental regulations and technical specifications for products in terms of carbon emissions and the growing presence of biofuels.

Our Energy Parks are strategically located close to key shipping ports with significant production and storage capabilities and excellent logistics connections for catering to national and international demand for refined products. The parks generate the cash flow needed to enable the energy transition strategy and we use the internet of things (IoT) combined with advanced analytics and artificial intelligence to optimise our production processes.

Our priorities are to safeguard the safety and competitiveness of our Energy Parks from an operational viewpoint, ensure integration with the rest of our businesses to optimise our logistics and sales functions and contribute to the company's transformation and energy transition by developing new green products and decarbonising our productive process.

To that end, in 2023 we continued to execute continuous improvement programmes that are key to our operational excellence with the aim of realising our full potential, specifically:

- Brio: improvement in how our teams work.
- Pilotage: optimisation of commercial operations along the value chain.
- Compas: improvement in value chain planning and programming applications.
- Cumbre: digitalisation of operating data.

In parallel, we embarked on a cultural transformation process to increase our operating discipline and ensure safety at our parks.

We also made progress on the decarbonisation of our facilities and processes by executing energy efficiency projects, reducing the use of energy derived from fossil fuels and increasing the production of biofuels. In the years to come we will make additional progress on decarbonisation by means of electrification and the supply of biomethane.

We are working to reduce our water consumption. To achieve that goal, we are investing in water filtering and reuse processes and improving our day-to-day management constantly. These water savings will allow us to take on new projects without increasing our municipal water withdrawal.

We also made progress on a number of logistics infrastructure projects, including the new pipeline under construction in Huelva, slated for commissioning in 2025, to make it easier to get new green energy solutions to the sea, and the South Quay project for the construction of a new quay to facilitate the development of the biofuels business in 2026.

SANTA CRUZ VERDE 2030

'Santa Cruz Green 2030'

The dismantling of the Santa Cruz de Tenerife refinery will pave the way for Santa Cruz Green 2030, a project destined to become one of the most ambitious industrial-to-urban site reconversions in Europe. It will have a positive impact on the city by turning the site of the former refinery into a transformed urban space with green attributes, framed by an approach that combines energy and environmental sustainability.

To ensure the supply of energy to the Canary Islands and facilitate access to new energy solutions, we plan to develop a logistics terminal in Tenerife, around 55km to the south of the current facilities, adapted for the islands' current needs and configured to bring sustainable energy solutions to the archipelago.

1.4.1.2

Commercial & Clean Energies

2023 MILESTONES

Joint venture with Bio-Oils for the construction of the largest second-generation (2G) biofuels plant in southern Europe. The complex, to be located in Palos de la Frontera (Huelva, Spain), at the La Rábida Energy Park, will entail up to €1.2 billion of investment.

Strategic alliance with Fertiberia to boost the production of green hydrogen and decarbonise the industry in Huelva (Spain) via the joint development of a large-scale renewable hydrogen plant fuelled by green energy and other renewable gases.

Agreement with C2X for the development of the largest green methanol plant in Europe, entailing up to €1 billion of investment.

Commercial & Clean Energies caters to the various customer segments, including the management of B2B businesses in the manufacturing, aviation, shipping and ground transportation industries, proving lubricant, asphalt, gas and electricity solutions.

Our strategy is to respond to growing demand for clean energies by gradually replacing fossil fuel sources. Specifically, we are advancing on the development of our green hydrogen, biofuel and renewable energy businesses. We are also developing ad-hoc solutions to help our customers with their decarbonisation efforts.

Green hydrogen

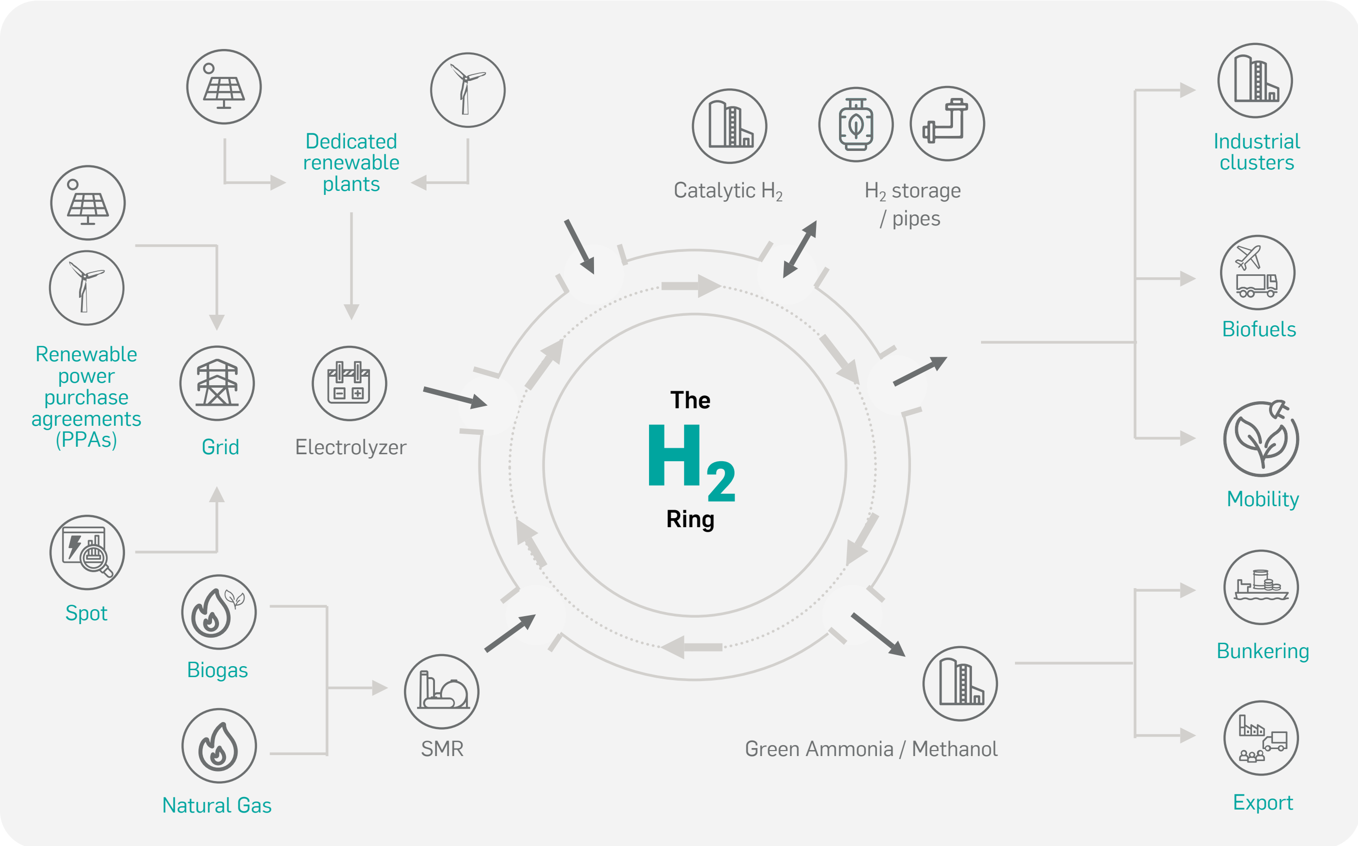
In 2030, we will have the capacity to generate 2 GW of green hydrogen, enabling us not only to cover our own needs but also to help with our customers' decarbonisation efforts, including customers in the shipping industry, to whom we will sell green hydrogen molecules in the form of green ammonium and methanol.

Framed by Positive Motion, we continue to develop Andalusia Green Hydrogen Valley, Spain's most ambitious renewable hydrogen project and one of the largest in all of Europe. The Valley will accelerate the energy transition and endow the continent with greater energy autonomy.

The project, which entails over €3 billion of investment, will see the construction of two green hydrogen production facilities at our Energy Parks in Palos de la Frontera (Huelva) and San Roque (Campo de Gibraltar, Cadiz). The facilities will have combined electrolysis capacity of 2 GW and produce up to 300,000 tonnes of green hydrogen a year. Their construction will also allow us to boost the production of 2G biofuels and derivative products such as green ammonium and methanol, helping our customers in the manufacturing and heavy road transportation sectors with their decarbonisation efforts.

In 2023 we announced the development of an hydrogen ring in Huelva (Spain). The pioneering engineering feat implied by the construction of this piece of infrastructure lies with connecting up hydrogen producers with consumers, ensuring more sustainable, efficient, secure and competitive supplies and tapping synergies across all neighbouring industries.

Hydrogen ring



We also spearheaded the creation of the Andalusian Hydrogen Cluster, the first association devoted to the development of this form of energy in Andalusia (Spain). Its purpose is to contribute know-how about this technology, its uses and its markets and to spark development and research in this field, while fostering its implementation across this area of Spain.

To boost hydrogen production, we have signed strategic alliances and preliminary product supply and offtake agreements.

Strategic alliances

25/01 – enagas renovable, alter enersun

Joint development of a green hydrogen plant and an associated 200 MW photovoltaic energy plant in Huelva within the Andalusia Green Hydrogen Valley complex. We also signed a complementary agreement with Enagás Renovable for the production and offtake of biomethane.

30/01 – edp

Analysis of the potential joint production of up to 1 GW of green hydrogen in Algeciras Bay under the umbrella of the Andalusia Green Hydrogen Valley initiative, a project that also encompasses the supply of renewable electricity and possible collaboration on the production of sustainable shipping fuels.

20/02 – ace Terminal Rotterdam

Rotterdam Port Terminal: project for the first green hydrogen shipping corridor from Spain to the Netherlands for which we will supply green ammonium to the planned ACE Terminal for conversion into green hydrogen, a facility slated for commissioning 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.

22/02 – Fertiberia

Impetus for the production of green hydrogen and decarbonisation of industry in Huelva via joint development of a large-scale renewable hydrogen plant and pioneering hydrogen ring, under the umbrella of the Andalusia Green Hydrogen Valley project.

10/05 – GETEC

Supply of green hydrogen to industrial customers in Europe, marking a step further in the maritime link-up between Andalusia Green Hydrogen Valley and Rotterdam Port.

01/06 – Grupo Ibereólica Renovables

Reinforcement of renewable energy supplies for our green hydrogen developments.

14/06 – Yara Clean Ammonia

In the presence of the Kings of Spain and the Netherlands, we sealed an alliance for the promotion of the green hydrogen shipping corridor between northern and southern Europe. We also struck an agreement with Dutch firm Gasunie which guarantees access to its green hydrogen transport network in the Netherlands, which will connect Rotterdam Port with other industrial clusters in Europe, including in Germany, the Netherlands and Belgium, as part of the Delta Corridor initiative.

01/12 – C2X

Development of a green methanol plant in Huelva, entailing up to €1 billion of investment, which is set to become one of the world's five-largest green methanol plants, with annual production capacity of 300,000 tonnes. The green hydrogen produced in the Andalusia Green Hydrogen Valley will provide some of this new plant's hydrogen requirement.

Biofuels

Biofuels are set to play a key role in the decarbonisation of transport. They are currently the most cost-efficient way of decarbonising this 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.

Second-generation (2G) biofuels are made from waste, such as used cooking oil and biodegradable waste generated in different industries, so favouring circular economy dynamics, unlike first-generation (1G) biofuels, which compete with food. This circularity makes it possible to reduce carbon emissions by as much as 90% compared to traditional fuels.

These 2G biofuels are a cornerstone of our Positive Motion strategy. Our aim is to lead in 2G biofuels in Spain and Portugal with 2.5 million tonnes of capacity by 2030, 800,000 tonnes of which will be sustainable aviation fuel (SAF).

Production of biofuels

We have been producing 2G biofuels at our La Rábida Energy Park since 2022 thanks to the reconversion of some of our productive facilities. In 2023 we announced the construction, together with Bio-Oils, of the largest 2G biofuel plant in Europe at our La Rábida Energy Park. The new plant will lock in most of its raw material (organic waste) sourcing under a long-term framework agreement between Apical Group, Bio-Oils' parent in Huelva (Spain), and our Advanced Feedstocks business. The new facility will produce, under a flexible scheme, 500,000 equivalent tonnes of SAF and renewable diesel. It is slated for commissioning in 2026.

Last year we also embarked on the development of plants for the production of biomethane from farming and breeding waste, having entered into an agreement with Kira Ventures for the development of as many as 15 biomethane plants in Spain this decade. Our goal is to decarbonise our industrial activity by switching biomethane for natural gas at our facilities. Biomethane can cut carbon emissions by up to 100% and it contributes to the energy transition immediately as its use does not require any reconfigurations in industry or transport networks.

Air travel

We are one of the leading producers and suppliers of aviation fuel in Spain and we want to be at the forefront of the air travel sector's decarbonisation. We have struck alliances for the use of SAF with top-class airlines including Iberia, Iberia Express, Air Nostrum, Vueling, Binter, Etihad, TUI, Wizz Air and Volotea.

In 2023 we became the first company to offer SAF at four of the main Spanish airports - Madrid, Barcelona, Palma de Mallorca and Seville - and we have since added sales at Malaga airport. We also reached an agreement with Air Europa under which we will supply them with SAF for one year for the firstly monthly Madrid-La Habana flight.

Shipping

We are the leading Spanish supplier of shipping fuel and we want to be the top provider of sustainable fuel also. In 2023, among other operations, we supplied 2G biofuels for trips by Naviera Armas Trasmediterránea in Algeciras Port. We also began to supply biofuels at Barcelona Port by supplying a container ship which operates in the Mediterranean.

Ground transportation

In 2023 we began to sell 100%-renewable diesel (hydrotreated vegetable oil, or HVO) at our service stations as well as directly at our professional customers' facilities. In rail travel, together with Maersk and Renfe, we successfully completed the first 2G biofuel tests.

Renewables, gas and electricity

We are developing renewable solar and wind power projects to help meet our decarbonisation targets. We are aiming to develop a portfolio of 4.5 GW by 2030. In parallel, we are looking for co-development opportunities and agreements with third parties to make up the remainder of our green energy requirement as efficiently as possible. We already have permits to connect around 2 GW to the grid. In 2023 we also obtained environmental impact statements for several of our pipeline projects.

We currently have a 29-MW wind farm in Jerez with 11 wind turbines. We also have one combined cycle power plant and seven combined heat and power plants at our main productive facilities, which mainly cover internal heat needs. Through our trading companies, we also supply gas and power to industrial and service sector consumers. Most of the electricity we sell our customers comes from certified renewable sources.

1.4.1.3
Mobility & New Commerce

2023 MILESTONES

We entered into an agreement for the acquisition of the Ballenoil service stations chain, a pioneer and benchmark in the low-cost segment in Spain.

We launched a new retail customer loyalty programme: Cepsa Gow.

We are making progress on the transformation of our service stations to a customer- and convenience-centric model with more environmentally-friendly car wash solutions.

Our Mobility & New Commerce business manages the transformation of our mobility business with the aim of making road transportation more sustainable. Specifically, we are expanding our range of energy and sales solutions for retail and professional customers and in our service stations network, which is the second largest in Spain and Portugal, along with a presence in Morocco and Mexico.

Customers are becoming increasingly demanding: focused on price, the low-cost format is growing. Other key trends include a shrinking fuel market, loyalty schemes and booming new retail formats. Our strategic priorities are designed to respond to these trends and demands. To that end, we are developing:

- A broad electric mobility ecosystem offering EV users an end-to-end ultra-rapid charging solution in partnership with Endesa, covering all use cases, from home charging to mobility along major interurban routes.
- The largest network of ultra-rapid charging points in Spain and Portugal equipped with chargers of at least 150 kW. The plan is to have over 1,000 service stations equipped with chargers by 2030.
- Transformation of our service stations, converting them into digitalised venues that offer a wide variety of ultra-convenient services and eateries.
- A broad range of renewable fuels for sale. All of our fuels contain at least 10.5% of biofuels. We are also selling HVO (100%-renewable diesel) to our professional customers.

We currently operate around 1,800 service stations in Spain and Portugal. The acquisition of Ballenoil will lift that figure to over 2,000 thanks to its network of 240+ low-cost establishments in Spain. Ballenoil will keep its current business model and structure, consolidating its benchmark presence in the low-cost segment in Spain and offering the market a range of fuels at affordable prices.

In parallel, we will continue to develop our network of premium service stations, where customers can choose from multiple energy solutions and a range of ultra-convenient services including eateries, supermarkets and a premium car-washing experience with automatic payment and sustainable products. In 2022, we launched our own restaurant label, R'SPIRO, which already has more than 200 establishments inside our stations, as well as standalone locations and food trucks. This year we took new steps in our transformation process when we introduced our Food Hall concept, offering customers a choice of culinary options for eating in the station, taking away or ordering via the delivery platforms.

We also reinforced our loyalty programme by launching Cepsa Gow to offer our customers bigger discounts and better rewards. Members can earn rewards by shopping at Cepsa and at other establishments and exchange them for fuel, EV charges, car washes or store products. That has meant building a deep ecosystem of alliances with more than 40 partner firms. Customers can earn as much as 10% of their purchases at these establishments in rewards.

1.4.1.4
Trading

2023 MILESTONES

First energy firm in Europe to operate a hybrid diesel-electric bunker barge for the supply of shipping fuel.

Our Trading unit supports and adds value to all our businesses with the aim of becoming the company's commercial enabler. To achieve this, it has the following lines of business.

The Crude & Products business procures the raw materials and intermediate products needed by our production facilities and participates in the management of product storage, marketing and sales, in coordination with the rest of the business units. It also manages most of the shipping side of the business (and is in fact the leading supplier of shipping fuel in Spain), ensuring compliance with safety protocols, specifically the guidelines set by the Vetting unit, which is responsible for assessing and approving the tankers that operate for the company.

We operate in Singapore, one of the world's most important trading hubs, and offer shipping fuel solutions from a position of leadership in the Strait of Gibraltar.

In 2023, in a first in Europe, we added a hybrid bunker barge, which operates in Algeciras Bay, to our shipping fuel supply fleet. This barge can reduce fuel consumption by 30% and carbon emissions by 35% by comparison with a conventional barge. Moreover, when it is docked at port, it does not generate any emissions, so helping improve port air quality.

Our Gas Trading business supplies gas to the company and to third parties, while optimising the company's assets and increasing their flexibility. Lastly, the Electricity & Environmental Product Trading business provides the company with access to the market, optimising the electricity and emissions portfolio.

All this allows us apply our experience managing volatility and the risks intrinsic to our businesses and constantly searching for business opportunities in the futures and derivatives markets.

1.4.2

Exploration & Production

2023 MILESTONES

We accelerated implementation of Positive Motion with the sale of our Exploration & Production assets in Abu Dhabi and embarked on the process of selling other assets in Latin America, while terminating our exploratory blocks in Mexico.

We reached cumulative production of 100 million barrels in Caracara (Colombia).

We approved a new development plan for Ourhoud (Algeria).

Our Exploration & Production unit, which is present in Algeria and Latin America, explores for, develops and produces oil and natural gas. We participate in our assets using a range of formulas, including as operator and joint venturer. The oil and gas we produce is mainly sold by our Trading teams.

We are constantly trying to enhance our portfolio by strengthening our position and orienting our assets towards efficiency, prioritising the safety of our staff, contractors and local communities across all our operations and activities. We generate value by means of a centralised management model at both operated and non-operated fields. We have a resilient and long-life business in which:

- We are helping reduce the carbon intensity of our fields.
- We are focusing on streamlining our operations and keeping our barrels low-cost.
- We have a highly experienced team of technical experts.
- We pursue attractive options for investing in production fields and top-quality exploration opportunities.

We are committed to sustainability and social responsibility in our business communities and we are part of the World Bank's Zero Routine Flaring by 2030 initiative.

In 2023 we continued to streamline costs to extract efficiency gains and enable select investments. Our priorities were safety and maximising the value of our assets. Our flagship projects were the re-development of Rhourde el Krouf (Algeria) and infill drilling in Ourhoud (Algeria).

Last year we also reached the milestone of 100 million barrels of accumulated production in Caracara (Colombia). We also made progress with our partners on the potential development of the *Baja* discovery in Block 53 in Suriname, in which we have a 25% interest, in what was a major milestone as it marked our first deep water find. Evaluation of this discovery continued in 2023.

Key Exploration & Production assets

Algeria:

Rhourde el Krouf (RKF): onshore crude oil field located in the Berkine Basin. Joint operation | Cepsa interest: 49%.

Ourhood: onshore crude oil field located in the Berkine Basin. Joint operation | Cepsa interest: 37%. Second largest oil field in Algeria.

BMS: onshore crude oil field located in the Berkine Basin. Joint operation | Cepsa interest: 75%.

Timimoun: onshore natural gas field located in the Timimoun Basin. Joint operation | Cepsa interest: 11%.

Colombia:

Caracara: onshore crude oil field located in the Los Llanos Basin. Operated | Cepsa interest: 70%.

LLanos 22: onshore crude oil field located in the Los Llanos Basin. Operated | Cepsa interest: 55%.

La Cañada Norte: onshore crude oil field located in the Magdalena Upper Valley. Not operated | Cepsa interest: 17%.

Mexico:

Three shallow-water offshore blocks (Blocks 16, 17 and 18). Located in the Tampico-Misantla Basin. Not operated | Cepsa interest: 20%. At the abandonment phase.

Peru:

Los Ángeles (Block 131): onshore crude oil field located in the Ucayali Basin. Operated | Cepsa interest: 100%.

Suriname:

Block 53: deep offshore field located in the Guyana-Suriname Basin. Not operated | Cepsa interest: 25%. Evaluation of this discovery continued in 2023.

1.4.3

Chemicals

2023 MILESTONES

Launch of the IPA project for the construction in Huelva of the first plant capable of producing isopropyl alcohol (IPA or isopropanol) using renewable or circular materials. This plant will be connected to the acetone production plant in Palos de la Frontera and the green hydrogen ring in the new Andalusia Green Hydrogen Valley project.

Start of testing of a pioneering new flexitank model in Europe for transporting chemical products made of up to 35% of recycled materials made from waste.

We added low carbon NextLab to our range of new sustainable products and launched our first digital blockchain sustainability certification in the detergent and homecare industry.

Our Chemicals business comprises six chemical plants - two in Spain, adjacent to our Energy Parks, and plants in Canada, Brazil, Nigeria and China - and two oleochemical facilities in Indonesia and Germany. Our products are used as raw materials for detergents, resins, electronic parts, synthetic fibres and pharmaceutical products, among others. We conduct research, innovation and development work to ensure the sustainability and quality of our products and advance on the use of circular economy criteria to streamline the use of resources in our productive processes.

Thanks to our technological leadership, we are the world's leading producer of linear alkylbenzene (LAB), the key raw material used in biodegradable detergents, and we are the number-two producer of phenol/acetone, which are essential raw materials for the automotive, construction and pharmaceutical industries. We are pioneering the introduction of sustainable raw materials into the manufacture of these products: in 2023 we launched new NextLAB ranges, becoming the first company in the world to produce sustainable LAB at an industrial scale, and NextPhenol. To certify the advantages of

using NextLAB, we completed external life cycle assessments (LCA) for two of the products we sell in this range. That analysis compares the products' environmental impacts compared to products made using fossil fuels, signalling a reduction in greenhouse gas emissions of up to 79% when the raw material is renewable and of 19% when the energy used to make it is renewable.

All of our production plants are ISCC+ (International Sustainability and Carbon Certification) certified, giving us the ability to produce new sustainable product ranges.

We also have certification guaranteeing the sustainable origin of the raw material we use to produce our renewable NextLab.

In addition, we are co-owners of the best LAB manufacturing technology available in the market and are leading its implementation by transforming the Puente Mayorga factory (DETAL Project). This means we can increase LAB production using a safe, efficient and sustainable process which optimises the use of raw materials and electricity, while reducing the generation of emissions and waste and the consumption of water.

To reinforce our leadership of a sector in the throes of transformation, we plan to continue to increase our production capacity, expand our strategic alliances and advance towards more sustainable chemicals by using renewable and circular (made from waste) raw materials and developing lower-carbon products.

To that end, in 2023 we announced the construction of a plant in Huelva as part of the Andalusia Green Hydrogen Valley for the manufacture, for the first time in the world, of renewable isopropyl alcohol, the raw material used to make hydro-alcoholic gel, pharmaceutical and cosmetic products and paint, among other products. Last year we also managed to make circular phenol from single-use plastics for the first time in Spain, having successfully tested the processing of plastic waste in the form of pyrolysis oil. We also made the first tonnes of NextLAB-low carbon made by replacing natural gas with biomethane at our plant in Bécancour (Canada). We started to test a pioneering new flexitank model in Europe for transporting chemical products made of up to 35% of recycled materials made from waste, reducing the use of resources and generation of emissions. Lastly, in 2023 we launched the first digital-blockchain sustainability certification in the detergents and homecare sector, so that the customers who buy our chemical products can ascertain the origin of their raw materials at any time and consult the sustainability certificates and guarantees associated with the products they purchase.

1.5
Customer-centric strategy

GRI 2-29, 2-30, 3-3

One of the cornerstones of Positive Motion is offering energy and commercial solutions that help reinforce our long-term relationships with our customers.

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 and sustainable mobility solutions to facilitate the energy transition, reducing our customers' carbon footprint and enabling their circularity, 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. To that end, we analyse trends in their feedback, needs and expectations to fine-tune our processes, enhance our contact points and propose new services that boost their loyal.

In addition to broadening our discounts, in 2023 we launched a new loyalty programme, Cepsa Gow, thanks to which customers can earn credit by shopping physically at our service stations or shopping online at a broad range of partner firms. We are focusing on digitalisation by offering web services for order management and monitoring, as well as paperless receipts across our service stations in Spain and on our Cepsa Gow and Starressa apps.

We measure our customers' satisfaction continually by means of surveys and we track specific KPIs such as our net promoter score (NPS). In fact, our NPS improved by over three points compared to 2022.

To manage complaints and claims, our customer service area follows our specific customer care and experience procedure, addressing all customer requests, identifying their needs and recording them in our management systems so we can monitor response and resolution times. Our customers can submit complaints through a number of channels, including email, the website, our social media handles, the Integrity Channel, our chat tool and phone.

For further information about how we are helping our customers reduce their carbon footprints, refer to 1.4.1.2 Commercial & Clean Energies

For further information about how we are helping our customers reduce their carbon footprints, refer to 1.4.1.3 Mobility & New Commerce

For further information, refer to Appendix 2.7 Stakeholders

1.6 Transformational innovation, digitalisation and cybersecurity

GRI 3-3

2023 MILESTONES

Pioneering production of circular phenol and acetone in Spain from discarded single-use plastics at the La Rábida Energy Park in Huelva (Spain).

Start-up of 2023-2027 Green Digital, the new digital strategy.

Drafting of the 2023-2026 Cybersecurity Master Plan.

KEY INDICATORS	2023	2022
Innovation projects focused on energy transition technologies (%)	80 %	50 %
Collaboration partners (no.)	85	75
Digital transformation projects (no.)[6]	400	333
Employees in digital practice communities (no.)[7]	601	—
People with digital skills (no.)	1,899	1,209

1.6.1 Transformational innovation and digitalisation

As part of Positive Motion and considering the acceleration in the uptake of decarbonisation technologies, we have pledged to transform our businesses by applying innovative and cutting-edge solutions. Through our Focus innovation projects, we identify, coordinate and develop technology solutions, starting up research at our Innovation Centre and then driving the development of large-scale technology demonstrators of products and processes to make it easier for the company to grow in new businesses. And our advanced analytics labs add value to our energy assets.

We follow an in-house approach, i.e., the 'one-pot' innovation approach', to accelerate the development of value-added research projects aligned with Positive Motion. This approach has enabled us to develop both second generation (2G) and third generation (3G) biofuels in under two years from the start of pilot plant testing.

[6] The digital transformation project number includes the cumulative number of projects undertaken since 2018.
[7] Communities created in 2023.

In 2023, we worked on choosing the right technology for new green hydrogen businesses, carrying out a comprehensive review of the global electrolyser business, technology and suppliers. We also stepped up execution of our innovation pipeline in low carbon and 2G biofuels and carried out a number of innovation projects focused on developing new technologies and sustainable products in our chemicals business.

At our Innovation Centre, we work on these research projects at lab scale for our production centres and sales units, while also providing our customers, particularly in lubricants and specialties with technical assistance.

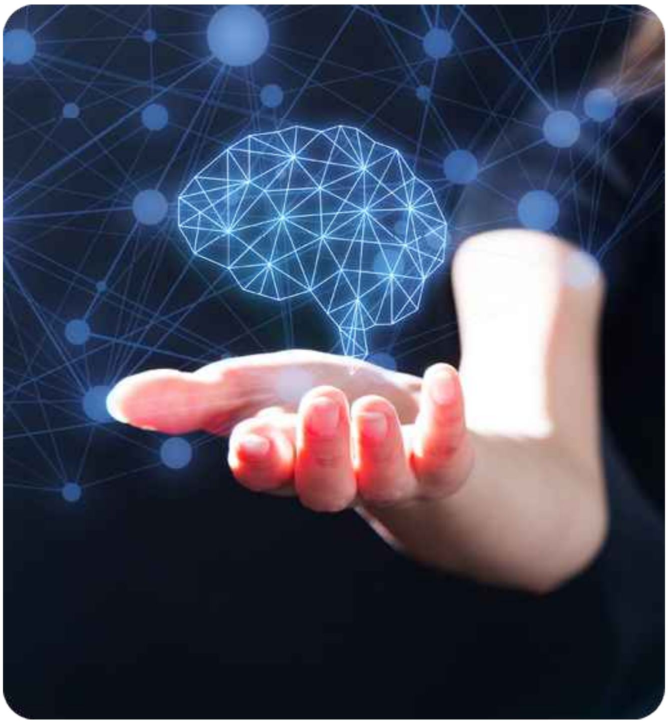
The centre is equipped with laboratories, next-generation equipment and pilot plants capable of reproducing, at small scale, the processes we carry out at our production centres. The aim is to create more efficient and eco-friendly processes and develop new fuels. We also drew up a plan in 2023 to set up labs specifically for hydrogen and sustainable mobility.

In 2023, we won an award in the Company and Science category at the 5th annual Hipatia awards, given by el Economista in recognition of women who have done the most to advance science and research in any scientific fields

Intellectual property management is core to protecting our progress maximising returns. To that end, we protect and manage the technical knowledge generated through patents, know-how, utility models, licences and non-disclosure agreements (NDAs). We were granted nine new patents in 2023, bringing the total to over 70 across 26 different countries.

Strategic lines of initiative in innovation

- Advanced 2G and 3G biofuels.
- Innovation in green chemicals.
- Innovation in circular economy.
- Green hydrogen and renewable gases.
- Innovative CO_2 capture and transformation.



Digitalisation, driving growth

The objective of our digitalisation strategy is to drive business growth and accelerate the energy transition, empowering our employees to create value and giving our customers solutions to fuel their decarbonisation.

In 2023, we embarked on 2023-2027 Green Digital, our new digital strategy entailing over 260 initiatives to promote decarbonisation, drive sustainable mobility and enhance the customer and employees experiences by using data, artificial intelligence (AI) and the internet of things (IoT) to streamline, optimise and automate their day-to-day operations. We are unlocking this strategy through the Green Digital movement, showcasing via digital experiences the strategy behind each business, our key projects and the digital leaders who are driving this transformation.

Framed by this strategy, we have set the following objectives::

- Green by Digital: to identify more than 150 initiatives targeting business growth, decarbonisation and sustainable mobility by 2027.
- Green Digital Skills for All: to provide digital skills training to a further 25% of staff by 2027.
- Green Digital Safety: to increase the amount of data collected for better decision-making on health and safety risks by fivefold by 2027.
- Green Digital Alliance: to have +100 partners in our innovation ecosystem by 2025.

Green Digital also provides a new work model arranged into five digital hubs[8] with the aim of becoming more agile, more autonomous and closer to the businesses by providing a more strategic vision. With this in mind, to become closer to our employees and spread knowledge within the organisation we created digital practice communities during the year.

We embarked on a data and AI democratisation and governance strategy that included setting up a new Data Management Office to ensure quality, traceability and security through a series of procedures, policies and standards. We also put in place a company-wide group to ensure ethical and responsible use of AI and we created the first IoT lab at the Innovation Centre.

This year we launched Green IT, our strategy for reducing the energy consumption and environmental impact of our digital devices and solutions by:

- Reusing, recycling and donating user devices through the Cepsa Foundation.
- Migrating our solutions to the cloud, tapping its energy efficiency and scalability and eliminating unnecessary local consumption.
- Selecting and screening our IT suppliers using sustainability criteria, which are now a basic requirement in our procurement processes.
- Periodically measuring our consumption and the impact of our projects on our applications and infrastructure for rationalisation purposes.

Key digitalisation and energy transition projects

- Digital native plant: construction of the first digital native plant from the design phase through to construction, operation and maintenance.
- Cepsa Gow and Starressa: platforms for enhancing individual and business customer experiences in mobility. Cepsa Gow members can fill up and recharge, pay using their devices, build credit and enjoy partner brand benefits and perks. With Starressa, users can make payments and perform other day-to-day activities, eliminating the need for physical cards.
- Visbreaker AI: assistance controlling severity in the visbreaking unit and enhancing its performance, saving both energy and money.
- YAPP: mobility inspection platform designed to optimise and automate work at our Energy Parks through flexible and automated field management and reporting.
- Dremio and Knolar: employee data democratisation platform, with autonomous data access and analysis. Knolar also produces scorecards that help with Energy Park operation, management and maintenance.

Key innovation and digitalisation collaborations

Our open innovation ecosystem employs a 360-degree collaboration strategy, partnering with entrepreneurs and professionals to develop projects and technologies and drive the value chain. We entered into more than 60 innovation agreements in 2023 with different partners to assess new projects. Our screening of start-ups provided more than 400 opportunities for acceleration, seeking to mainstream technology linked to Positive Motion. We also raised financing for projects related with the use of sustainable raw materials and the development of bio-aviation fuel. Our Innovation 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.

On the digitalisation front, we set up an Open Innovation area to liaise with the innovation ecosystem, searching for IT solutions that help the company deliver its objectives. For instance, we are promoting the Green Digital Alliance programme to search for eco-partners and have been named AWS's exclusive partner on the Carbon Lake project to drive decarbonisation.

In 2023, we earned CIONET-Vocento prizes in the Best company in technology and Best artificial intelligence project categories. We also received the Forbes Prize for Innovation for our New Industrial User Post project.

[8] Data, artificial intelligence and cloud solutions; the internet of things and the X industry; open innovation; user experience and design; and change, content and capabilities.

1.6.2

Information and operational cybersecurity

Given the current digital environment, marked by massive data usage and exponentially-growing hyperconnectivity, we need to safeguard the confidentiality, integrity and availability of our information, making this a priority of our digitalisation strategy and ensuring that all our businesses can operate reliably and without interruption.

To achieve this, we have a Cybersecurity Policy as well as a 2023-2026 Cybersecurity Master Plan, which sets out the main lines of action and forms the basis of an ambitious set of programmes and initiatives.

Our cybersecurity model and integrated information security management system, which is based on the NIST Framework (National Institute of Standards and Technology) and is ISO 27001 certified[9], is underpinned by a suitable technology risk management approach and the deployment of top-notch, innovative technical services and solutions.

Cybersecurity governance is articulated around the three lines of defence model:

- First line: operational management of risks and implementation of controls, actions and strategies. This line is led by the Managed Security Service, which reports directly to the cybersecurity area.
- Second line: risk governance and oversight of compliance and implementation of the strategy, actions plans and defined controls. The cybersecurity area is responsible for this line.[10]
- Third line: agent with full independence from the first two lines. This line of defence rests with Internal Audit, which reports functionally to the Audit, Compliance, Ethics and Risk Committee[11] and also reports to the Management Committee.

We have a cybersecurity dashboard, which is reviewed monthly, and we perform specific measurements to monitor and manage the mitigating measures put in place to guard against major threats.

[9] The scope of that certification is the entire company. In 2023, our management systems were re-certified according to the latest version of the UNE-EN ISO/IEC 27001:2022 standard

[10] The cybersecurity area is part of the Information Systems Department (ISD) headed up by the Chief Information Officer (CIO). The CIO reports directly to the cybersecurity area, which reports regularly to the Management Committee.

[11] Twice-yearly, we review and report on our cybersecurity risks to this committee, which endorses any new initiatives and certifies delivery of the planned milestones.

Protection measures

- Increase in the boundary of overall protection coverage by adding supervisory and control solutions and capabilities.
- Enhancement of endpoint protection: equipment hardening, 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.
- Enhancement of response capabilities in the event of potential cybersecurity events by conducting a range of cyber drills.
- Solidification of our IT (information technology) cybersecurity protection capabilities by making our cloud environments, service stations and company bases more secure via network and cybersecurity architecture.
- Addition of monitoring capabilities for our OT (operational technology) environments so we can detect anomalies and vulnerabilities to our operational assets.

Cepsa holds an A-rating from RiskRecon[12] for its approach to cybersecurity, which is the highest rating and means it is above the 95th percentile in its sector.

Fostering a culture of cybersecurity

We have upgraded the mandatory cybersecurity training our professionals have to complete and moved forward with the initiatives outlined in our annual awareness plan: real attack simulation, in-person awareness sessions for professionals at our main industrial facilities and regular multi-channel publication of cybersecurity knowledge pills.

The cybersecurity team also receives specific training and certifications, including CISSP (Certified Information Systems Security Professional), CISM (Certified Information Security Manager) and CCSP (Certified Cloud Security Professional).

Key collaborations

To manage and adapt our cybersecurity measures, we work closely with several Spanish organisations, including the National Institute of Cybersecurity (INCIBE for its acronym in Spanish), the National Centre for Critical Infrastructure Protection (CNPIC) and the Cybersecurity Coordination Office (OCC). We also take part in taskforces, such as ISMS Forum, to promote cybersecurity training and specialisation, cultivate a cybersecurity culture and raise awareness.

[12] A Mastercard company and leading provider of automated cybersecurity risk assessments.

02 Corporate Governance

2.1 Corporate governance

GRI 2-9, 2-10, 2-11, 2-15, 2-17, 2-18

KEY INDICATORS	2023	2022
Board members (as at 31 December) (no.)[13]	11	10
Board meetings (no.)	8	7
Board meeting attendance (%)[14]	95 %	97 %

[13] The average length of service of the members of the Board of Directors decreased from 3.9 years in 2022 to 3.5 years in 2023 due to the addition of two new directors during the year. The number of external directors with four mandates or fewer at other companies increased from 9 in 2022 to 10 in 2023, as a result of one of the new directors.

[14] Attendance topped 95 % in 2023, one director having been absent from the meetings held on 26 January, 18 May, 19 May and 12 December, albeit appointing another director as proxy in the last three instances.

2.1.1

Governing bodies and director selection

Our Corporate Governance Model is articulated around the recommendations set out in Spain's Code of Good Governance for Listed Companies, prevailing company law and internationally accepted best practices to ensure compliance with strict principles around ethics, honesty and transparency.

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 to 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 and Management Committee 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 Cepsa.

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 about related decisions.

Strategy and Sustainability Committee

This Board committee advises the Board on all 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.

Our Strategy and Sustainability Committee is the specialised body tasked with driving the integration of sustainability into Cepsa's strategic decisions

The supervision of sustainability management is central to our governance structure. The current members of our Board of Directors are renowned technical, economic, financial, economic and sales experts with extensive track records, knowledge and experience in addressing matters related with the energy transition. Nevertheless, they receive the support and information needed on matters related to sustainability, renewable energies or other relevant topics based on a needs assessment. The members of both the Board of Directors and the ACER Committee receive training on matters related with emerging risks, notable among which cybersecurity. The Board is committed to continuously improving its performance, as is clear from the annual Board self-assessment where new actions plans are implemented based on the results of the survey.

We have two committees in charge of managing our day-to-day operations:

Refer to chapter 2.3.1 We integrate sustainability into our management

- 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 made up of the heads of the various business lines and corporate functions, as well as the CEO.

- Investment and Contracts Committee: the tasks assigned to this internal committee include reviewing and ruling on contracts and investment-related decisions, subject to certain thresholds stipulated in the powers delegated to it. It also monitors the scope and development of investment projects underway and any budget deviations affecting projects under its remit.

Composition of the Board of Directors and its committees

As at 31 December 2023, the Board was made up of 11[15,16] directors, eight proprietary directors, one independent director[17], one executive director and one who qualifies as 'other external.

[15] On 1 February 2023, the company's shareholders accepted the resignation of Joost Dröge from Cepsa's Board of Directors and agreed to appoint Gregory Nikodem for the statutory term of six years, at the recommendation of the Board's Nomination and Compensation Committee.
[16] In order to fill a Board vacancy, on 10 October 2023, the company's shareholders named Abdulla Shadid a director of Cepsa for the statutory term of six years, likewise at the recommendation of the Board's Nomination and Compensation Committee.
[17] The company uses the independent director definition provided in article 529.12 of Spain's Corporate Enterprises Act.

Name	Board of Directors	Audit, Compliance, Ethics and Risk Committee	Nomination and Compensation Committee	Strategy and Sustainability Committee	Class of director	Length of service	Shareholder represented
Ahmed Yahia	Chairman			Chairman	Proprietary	Since 4/02/2021	Majority shareholder
Marcel van Poecke	Vice Chairman		Member	Member	Proprietary	Since 15/10/2019	Minority shareholder
Maarten Wetselaar	Chief Executive Officer			Member	Executive	Since 1/01/2022	—
Ángel Corcóstegui	Member	Chairman			Independent	Since 1/02/2016	—
Alyazia Al Kuwaiti	Member		Chairwoman		Proprietary	Since 18/01/2016	Majority shareholder
Saeed Al Mazrouei	Member			Member	Proprietary	Since 13/11/2018	Majority shareholder
Gregory Nikodem	Member				Proprietary	Since 1/02/2023	Minority shareholder
Marwan Naim Nijmeh	Member		Member		Proprietary	Since 15/10/2019	Majority shareholder
Bob Maguire	Member	Member		Member	Proprietary	Since 15/10/2019	Minority shareholder
Abdulla Shadid	Member	Member			Proprietary	Since 10/10/2023	Majority shareholder
Jacob Schram	Member				Other external	Since 27/10/2022	
Jörg Häring	Non-Director Secretary	Secretary	Secretary	Secretary		Since 7/06/2021	
José Téllez Menchén	Non-Director Deputy Secretary	Deputy Secretary				Since 24/10/2014	

How the members of the company's governing bodies are selected

The company's shareholders are ultimately responsible for individually appointing and re-electing Board directors, on the basis of recommendations by the Nomination and Compensation Committee.

The Nomination and Compensation Committee selects the most suitable candidates for the various positions on the Board of Directors and its three committees. In the event of a Board vacancy, motions for the appointment of new directors are submitted at the General Meeting for ratification, while any resulting vacancies on the Board's committees are addressed by submitting appointment proposals directly to the Board for approval.

The selection process, in which the members of the Board are chosen one by one, considers a range of aspects including Cepsa's shareholder structure, the universe of boardroom skills and expertise, the ability to dedicate enough time to the post and the candidates' mastery of matters of particular relevance (specific businesses within the energy sector, industry know-how, financial acumen, etc.). An effort is made to ensure the Board's composition is well balanced, marked by a wide majority of non-executive directors.

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.

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. Each member of this committee must bring financial expertise and at least one must meet the definition of financial expert stipulated in the ACER Committee's regulations.

2.1.2

Conflicts of interest

Our directors must inform the Board of Directors of any conflicts between their interests or those of people related to them and the interests of Cepsa, whether direct or indirect, and must refrain from any involvement on behalf of the company in the transaction giving rise to the potential conflict, subject to the exceptions provided for in applicable legislation.

In keeping with that same legislation, and on the basis of a prior recommendation from the Audit, Compliance, Ethics and Risk Committee, we submit all transactions between the company and its directors to the Board of Directors for authorisation for subsequent ratification by the company's shareholders.

Any conflicts of interest affecting our directors are disclosed to the company's stakeholders as required in the notes to its annual financial statements.

2.2
Risk management

MILESTONES 2023

Update of the methodology used to analyse and manage risks around investment projects.

Business Continuity Plans at three company bases in order to enhance responsiveness to events that could interrupt business.

Update of the methodology used to calculate the financial impacts of identified climate change risks in line with the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) and revision of the risk map associated with our Decarbonisation Plan to reflect the progress made on our sustainability projects.

Risk management model

Our Integrated Risk Management and Control System is compliant with the COSO-ERM framework and ISO 31000 standard and sets out the principles and procedures for efficiently managing all classes of risks.

We have a Board-approved General Risk Policy, which sets out the principles and guidelines needed to ensure due management and control of threats, framed by our defined risk tolerance thresholds.

In 2023 we revised our General Risk Control and Management Procedure, fine-tuning the methodology used to analyse investment project risks. The new methodology yields more detailed and precise analysis of the possible risks implicit in our new sustainability projects.

To support the strategic planning process, we analyse the main risks to which the company is exposed, including emerging risks, assigning probability of occurrence and impact parameters to each, as well as factoring in other parameters such as speed of materialisation and duration.

The key phases of our integrated risk management process are:

1. Understanding the external and internal contexts, establishing assessment criteria.
2. Identifying the resulting risks, including those related with climate change, for which our risk taxonomy is aligned with the criteria established by the TCFD. In 2023, we updated the financial impact calculations for our climate risks and revised the risk map associated with our Decarbonisation Plan.
3. Analysing and assessing the risks, looking at both positive and negative causes and consequences.
4. Mitigating the risk, depending on its relevance and our risk appetite, as established in our policy, by implementing the most appropriate responses.
5. 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.

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 General 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 risk-response actions 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, which encompass the company's ESG risks, specifically including energy transition and climate change risks:

Strategic: factors related with the general environment and the company's strategic positioning and planning, including political, economic and technological factors.

Financial: 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: associated with value chain management, operational effectiveness and efficiency, resource and people management, personal and facility safety, the environment and asset integrity.

Compliance: related with governance, compliance with legal requirements and other commitments and with the company's legal strategy.

Appendix 3. Key risks

Emerging risks

As part of our strategic planning process, we identify and analyse key emerging risks and cross-check them against external sources. We are monitoring those new risks at least quarterly. The main emerging risks identified in 2023, in line with the most recent Emerging Risks reports published by Gartner, include the loss of third-party viability, technological uncertainty associated with the energy transition and the impact of the mass availability of generative artificial intelligence (AI).

Appendix 3. Key risks

Risk culture

Our General Risk Policy aims to foster a risk culture by working on several fronts:

- Internal training on risk methodology and technical improvements.
- Ongoing risk training for new hires and regular meetings and/or reports addressing trends, emerging risks and ad-hoc topics.
- Specific sessions covering quantification and statistical modelling tools.
- Communication initiatives such as internal communication of key milestones and participation in learning and development events.
- Creation of multi-disciplinary taskforces to monitor events that could have a company-wide impact, such as geopolitical crises.

Workshops in which we identify, assess and debate cross-cutting risks with senior management, looking at the most pressing threats specific to each business..

Business continuity

The business Continuity Plan includes the mechanisms needed to recover and restore our critical processes as well as actions designed to prevent or limit a stoppage in our business operations. By identifying our continuity risks we can take the steps needed to ensure delivery of our strategic targets.

In 2023, we implemented a pilot Continuity Plan at three of our bases with the goal of enhancing our responsiveness in the event of developments that could interrupt our business activities. That consisted of identifying the critical processes (analysing the potential consequences of any interruptions), the associated resources (people, systems, infrastructure and suppliers) and the available continuity alternatives.

2.3
Sustainability management

GRI: 2-12, 2-13, 2-14, 2-16, 2-23, 2-24, 2-28, 2-29, 3-1, 3-2, 3-3 / SASB: EM-EP-530a.1, EM-RM-530a.1, RT-CH-530a.1

MILESTONES 2023

We launched our Sustainability Plan to ensure we have a positive impact on society.

Known as a solid sustainability manager and performer, we continue to command leadership positions on benchmark international ESG rankings.

Rollout of our Employee Sustainability Plan, designed to get everyone who works at Cepsa to reduce our environmental footprint as a result of how we move, use energy and water and handle waste.

2.3.1

We integrate sustainability into our business

We want to spearhead the energy transition by having a positive impact on the planet and its people, while meeting our stakeholders' expectations.

In 2023, we rolled out our Sustainability Plan, framed by our Positive Motion strategy, so as to have a positive impact on people, our customers, the environment, the economy and society as a whole. That high-level vision is underpinned by ambitious objectives and a solid roadmap.

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% decrease in Scope 1 and 2 CO_2 emissions by 2030 by comparison with 2019
- 15-20% decrease in the carbon intensity of the energy we sell by 2030 by comparison with 2019
- Net zero before 2050

CIRCULAR ECONOMY
- 50% increase in the intensity of the circularity of our waste by 2030 versus 2019
- 15% increase in the share of renewable and circular raw materials in our energy parks by 2030 versus 2019

NATURAL CAPITAL
- 20% reduction in freshwater withdrawal from water-stressed areas
- No net loss and, later, net positive impact at our wind and photovoltaic power plants

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 rating by 2025
- 80% of all suppliers with ESG rating by 2025

COMMUNITIES
- Active engagement with local communities in areas of operation
- Support of social organisations in Cepsa's local environment

Positive Motion and our Sustainability Plan are aligned with our purpose as a company:

We transform energy and mobility to improve the world together.

This purpose translates into our corporate values, which shape the way 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

Therefore, our corporate culture strives to integrate sustainability into all our processes, projects and people, as well as into our value chain.

Sustainable employee

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.

Governance and sustainability management

The Board of Directors sets Cepsa's sustainability course and ambitions. Sustainability is part of the agenda of all of the Board committees and was addressed specifically at least quarterly last year[18]. The Strategy and Sustainability Committee devises the strategy and monitors the related KPIs. The Audit, Compliance, Ethics and Risk Committee supervises and reports on sustainability-related risks. The Nomination and Compensation Committee, meanwhile, ensures that Cepsa's remuneration schemes are suitably aligned with the company's progress and performance around these matters. This structured reporting process is designed to facilitate efficient supervision and agile decision-making by our governing bodies.

Refer to Chapter 2.1
Corporate governance

Our company-wide management model fosters swift and cross-cutting decision-making. To articulate that model we have created a number of multidisciplinary committees and taskforces to manage our performance along different dimensions.

The 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. This allows us to take a firm-wide approach to defining our commitments, as set down in our Sustainability Plan, adopt best practices and make progress on energy transition challenges. The Management Committee is responsible for implementing the plan and runs the initiatives owned by the corporate functions and business units.

[18] Climate matters are specifically included on the boardroom agenda at least once a year.

Sustainability governance

- Board of Directors
  - Strategy and Sustainability Committee
  - Audit, Compliance, Ethics and Risk Committee
  - Nomination and Compensation Committee
- Management Committee
  - CFO, Chief Strategy and Sustainability Officer and Member of the Management Committee
    - Head of Strategy and Sustainability
      - Sustainability and Energy Transition
      - Market Intelligence
      - Corporate Planning
  - ESG Steering Team
    - Energy Transition Panel
    - Water Panel
    - Sustainable Employee Team
    - Biodiversity Panel
    - Human Rights Team
    - Diversity and Inclusion Committee
    - Circular Economy Panel
    - Sustainable Finance Team
    - Safety Team

Sustainability policies

In line with the Sustainability Plan, our Board-approved policies[19] [20] cover all our material topics from the sustainability standpoint. They define the commitments and codes of conduct incumbent upon all our employees, who are kept informed about any new policy or policy changes via the intranet.

Refer to Cepsa's website to see its corporate policies

Corporate policies

Rules and regulations, purpose and values

Code of Ethics and Conduct

Sustainability Policy

Environmental policies

- HSEQ
- Climate Action
- Biodiversity

Social policies

- Human Resources
- Diversity and Inclusion
- Sustainable Procurement
- Customer Relationship
- Human Rights

Governance policies

- Data Protection and Privacy
- Defence of Fair and Effective Competition
- Bribery, Corruption, and Conflict of Interest Prevention
- Corporate Tax
- Integrity Channel
- Control on Sanctions and Embargoes in Trade Relations, Exports, and Dual-Use Goods
- Crime Prevention
- General Risk Policy
- Cybersecurity
- Communication
- Security

[19] These policies apply to Cepsa, the group subsidiaries it effectively controls, their directors and employees and other legally-bound third parties. The people who represent the company at other businesses or entities that are not part of Cepsa or over which Cepsa does not have effective control promote, to the extent possible, the implementation of policies and guidelines that are consistent with contents of the corporate policies.
[20] In 2023, the Board of Directors approved the amendment of our 23 corporate policies in order to align them with our Positive Motion strategy, our new Sustainability Plan and the best practices followed by third parties.

ESG ratings: acknowledgement and continuous improvement

We are benchmarking our progress on sustainability management by tracking how third parties, particularly the ESG rating agencies, assess our performance, including the areas for improvement they flag. Our scores and ratings have etched out a very solid performance and currently leave us in the top positions in our sector.

S&P Global	S&P Global Corporate Sustainability Assessment (CSA) Last updated: November 2023 Min. 0 - Max. 100	1st place worldwide in our sector 74 points	Top 1% S&P Global ESG Score having finished joint first in the O&G Upstream & Integrated sector, a 3-point improvement from 2022, earning a spot in the Sustainability Yearbook for the second year in a row.
SUSTAINALYTICS	Sustainalytics ESG Risk Rating Last updated: July 2023 Min. 100 - Max. 0	1st place worldwide in our sector 21.8 points	Industry Top Rated emblem and first position in the Integrated O&G sector for the third year in a row.
Moody's ESG	Moody's ESG Assessment Last updated: June 2023 Min. 0 - Max. 100	Third place in Europe in our sector 65 points	Advanced performance (highest category), third place in the Energy (O&G) sector in Europe and a 4 points improvement from the year before.
ecovadis	EcoVadis Last updated: June 2023 Min. 0 - Max. 100	Cepsa: Top 3% worldwide I 73 points Cepsa Chemicals Top 2% worldwide I 75 points	Cepsa: Gold Medal and top 3% worldwide, considering all the sectors, marking a 10 points improvement from previous assessment. Cepsa Chemicals: Gold Medal and top 2% worldwide, considering all the sectors,in its first participation in the assessment.
CLARITY AI	Clarity AI Last updated: November 2023 Min. 0 - Max. 100	1st place worldwide in our sector Leader status 86 points	First place and "Leader" category in the Integrated O&G sector for second year in a row and 4 points improvement form the year before.

2.3.2.

Stakeholders and materiality

We strive to address our stakeholders' expectations proactively in order to have a positive impact on our surroundings. We are working to build solid and transparent relations that generate value for all of our stakeholder groups.

Our management system establishes a general framework for action which allows us to prioritise and manage 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 and financial community	• Financial and business performance • Key investment and strategy decisions • Progress on sustainability matters • Key management appointments • Main risks and mitigation measures	• Governing body representation • Tailored communication
Customers	• Product and service safety • Climate change and energy transition • Service quality and customer satisfaction • Supply security and access • Fair trade	• Satisfaction measurement and grievance management systems • Customer service • Integrity Channel • Social media • Business website
Employees	• Stable and quality work • Flexibility • Pleasant workplace climate and good working conditions • Strategy and investments • Equal pay and opportunities • Safety	• MAX virtual assistant • Integrity Channel • Commitment surveys • Corporate intranet • Internal communication effort
Society and communities	• Personal and facility security • Climate change, energy transition and environmental protection • Business sustainability • Human rights and ethics • Product quality • Community work	• Corporate communications • Neighbourhood associations • Open days • Public consultations • Email suggestions inbox • Local community management teams • Integrity Channel • Corporate website • Social media • Associations, voluntary organisations and initiatives
Suppliers	• Equal terms and conditions • Business terms and relationships • Personal and facility security • Climate change and energy transition • Human rights	• Supplier portal within the corporate website • Satisfaction surveys • Email suggestions inbox and support centres • Supplier events • Integrity Channel

Materiality assessment

We identify, analyse and prioritise the topics of relevance to our organisation and to our stakeholders, integrating them into our materiality assessment. That assessment is updated annually, approved by our Management Committee and sent to our Audit, Compliance, Ethics and Risk Committee for review.

In 2023, we updated our corporate materiality assessment to factor in key trends and stakeholder expectations. The conclusions from that process were used as the basis for the contents of this report.

Our materiality assessment methodology is data-driven. To assess topic importance for our various stakeholders, previously identified and segmented, we carried out surveys[21], benchmarked other sector players and analysed mandatory and voluntary regulations, news items and social media posts.

[21] The stakeholders participating in the materiality assessment included: legislators, regulators, investors, sector players, media representatives, suppliers, customers (both individuals and professionals), employees, and representatives of the financial community, local communities and NGOs.

Materiality assessment

PRIORITY TOPICS

- Climate strategy and energy transition
- Health and safety
- Management of water resources
- Resilience vis-a-vis the business environment and regulations
- Diversity and inclusion
- Circular economy
- Customer centricity

OTHER IMPORTANT TOPICS

- Talent management
- Employee wellbeing
- Biodiversity
- Corporate governance
- Sustainable supply chain
- Cybersecurity
- Social commitment
- Human and labour rights
- Stakeholder engagements
- Ethics and compliance
- Environmental impact management
- Transparency
- Innovation, technology and digitalisation

Our Management Committee made the final call on the importance of each topic for the organisation during a dedicated work session where it weighed up considerations related with our internal and external communication during the previous year, the aspects underpinning the variable remuneration earned by every employee, the commitments assumed by Cepsa and our identified stakeholders.

That materiality assessment allowed us to determine the topics of greatest importance to the company and its stakeholders. We then categorised them as either priority or other important topics.

Institutional Relations

Framed by Positive Motion, our Institutional Relations Plan enables us to proactively take part in public debate and further our engagement with stakeholders, in line with the company's targets.

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. It sets out specific lines of initiative for pursuing within the company and externally, each with concrete targets and actions, energy transition being one of the priority agenda items. The Plan defines an institutional relations governance system and assigns duties and responsibilities at various levels of the company's management.

'Sumamos Energías' Programme

We continued to implement this programme, which is designed to maximise the integration of our renewable facilities into their surroundings and help to create opportunities for social and economic development and growth in the local communities where we carry out renewable projects. The initiative comprises three main commitments:

- To drive social and economic development in the communities where plants are to be located.
- To protect the environment and biodiversity, minimising our impact on ecological habitats.
- To ensure we report to and communicate with all stakeholders transparently.

We have specific methodology for evaluating our membership and roles in associations and whether to join a new association and for prioritising where to focus our efforts, framed by our Positive Motion strategy and, therefore, closely aligned with the Paris Agreement.

We are also members of business and/or industry associations and think thanks. This allows us to bring our technical expertise to enhancing the legislative process and promote research in order to foster social awareness around the ecological transition, so encouraging citizen participation. We are involved with a range of different initiatives designed to promote best practices in the sector and cross-sector partnerships.

In order to participate actively in the energy transition and decarbonisation thrust, in 2023 we joined Hydrogen Europe, Europe's foremost hydrogen association, and reinforced our commitment to Gasnam - Neutral Transport, which is championing the production and use of renewable gases and their derivatives, such as hydrogen, renewable ammonium and biomethane, as transport fuel. We also continue to participate in associations and initiatives such as the Spanish Business Council, where we participate actively in the clusters working on climate change and social impact, which are accelerating action, facilitating networking opportunities and promoting partnerships and dialogue with the public authorities and other benchmark institutions. We expanded our role in international initiatives such as the World Economic Forum, Global Renewables Alliance and Planning for Climate Commission, which are working to accelerate the energy transition, taking an equitable transition approach.

We also advocated for certain regulatory developments through sector outreach initiatives and direct dialogue and participated in taskforces such as the Hydrogen Advisory Group. Lastly, we provided input into the formulation of the Spain's 2023-2030 National Energy and Climate Plan (NECP) through a number of the national sector associations in which we participate.

Initiatives and platforms in which Cepsa is involved

ASSOCIATIONS
European Clean Hydrogen Alliance
AOP
RLCF Alliance
IPIECA
IOGP
Fuels Europe
UN Global Compact
Feique
CEFIC
Forética
AEDIVE
Hydrogen Europe
Gasnam - Neutral Transport

In 2023 we participated for the first time in a United Nations Climate Change Conferences (COP 28), in Dubai. There we presented our Positive Motion strategy and contributed to the debate about the importance of energy transition for decarbonisation and delivery of the climate targets.

2.3.3

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

SDG 7

AFFORDABLE AND CLEAN ENERGY

Framed 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.

SDG 8

DECENT WORK AND ECONOMIC GROWTH

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.

SDG 12

RESPONSIBLE PRODUCTION AND CONSUMPTION

Guided by our Positive Motion strategy and Sustainability Plan, we are working to reduce our environmental impact and make our operations more efficient. We are fostering the responsible use of natural resources, while working to minimise the waste we generate and reuse any we do generate in our operations and value chain.

SDG 13

CLIMATE ACTION

We are reducing our carbon emissions in line with international agreements such as the Paris Agreement. We are also helping our customers in heavy industry and the transport sector reduce their greenhouse gas emissions.

03 Driving positive impact

3.1
Advancing towards a net zero world

TFCD / GRI: 3-3, 201-2, 302-1, 303-3, 303-4, 305-1, 305-2, 305-3, 305-5 / SASB: EM-EP-110a.3, EM-RM-110a.2, RT-CH-110a.2, EM-EP-530a.1, EM-RM-530a.1, EM RM-140a.1

MILESTONES 2023

Expansion of the scope of Cepsa's ISO 14067 product carbon footprint certification to include asphalts and lubricants.

Expansion of the scope of Cepsa's ISO 14064 carbon footprint certification to include all the facilities and assets under operating control.

Addition of certified low-carbon LAB to the low-carbon product portfolio.

KEY INDICATORS	2023	2022
Scope 1 GHG emissions (million tCO_2eq)	4.7	5.3
Scope 2 GHG emissions (million tCO_2eq)[22]	0.2	0.2
Scope 3 GHG emissions (million tCO_2eq)[23]	58.0	62.2
Energy consumption (TJ)[24]	63,134	65,929

[22] Reported using the Scope 2 market-based method.
[23] 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).
[24] 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

The Board of Directors is tasked with approving strategic climate change targets and signing off on the matters delegated in its advisory committees:

- The Strategy and Sustainability Committee supervises Decarbonisation Plan, indicator and target recommendations and the impact of climate change risks and opportunities on the company's strategy.
- The Audit, Compliance, Ethics and Risk Committee supervises climate change risks and compliance matters and oversees correct implementation of the internal control systems.
- The Nomination and Compensation Committee supervises the correlation between the company's climate targets and its variable compensation.[25]

Lastly, the Management Committee is responsible for decision-making and resource allocation and checking that the company is performing in line with the established target.

We have an Energy Transition Panel, made up of a multidisciplinary team of people from all across the company, which is tasked with implementing the Decarbonisation Plan and monitoring the climate change mitigation measures put in place to address transition risks. Elsewhere, the Water Panel monitors the physical risks related with climate change associated with water scarcity.

For further information, refer to 2.3.1 We integrate sustainability into our business

To articulate our climate change and energy transition ambitions, we have formulated a number of related action plans that were reviewed and approved by the Board of Directors in 2023.

In addition to our dedicated Climate Action Policy, our commitments in this area are set down in our Code of Ethics and Conduct , Supplier Code of Ethics and Conduct, Sustainability Policy, Biodiversity Policy and our General Risk Policy.

For further information, refer to 2.1 Corporate governance

[25] The Scope 1 and 2 emissions reduction targets set down in the Positive Motion strategy were added to the company's variable remuneration metrics in 2023 and are monitored monthly.

3.1.2

Climate strategy

Management articulated around Positive Motion

Our goal is to achieve net zero emissions before 2050[26]. We aim to be an active and leading player in the transition towards a carbon-neutral economy by embracing more sustainable business models and providing our customers with lower-carbon types of energy and chemical products.

In line with Positive Motion, we have drawn up a Decarbonisation Plan, which runs to 2030 and pursues a dual target:

- Reducing our Scope 1 and 2 carbon emissions by 55% in 2030 by comparison with 2019, so shrinking the carbon footprint of our industrial facilities.
- Reducing the carbon intensity index of the energy we sell to end customers by between 15% and 20% in 2030 by comparison with 2019 levels, so shrinking the carbon footprint of the solutions we offer our customers.

Our goal of becoming net zero before 2050 aligns us with the climate scenarios[27] for global warming of no more than 1.5ºC of the International Energy Agency (IEA) Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS), while our 2030 targets are consistent with the IEA's Sustainable Development Scenario (SDS) of < 2ºC.

For further information, refer to 1.1 Positive Motion

Our Decarbonisation Plan was evaluated using the Assessing Low Carbon Transition (ACT)[28], methodology specific for the oil & gas sector. The conclusions of that assessment endorse the solidity of our climate change governance model, our decarbonisation aspirations and targets and the reach of our Positive Motion strategy.

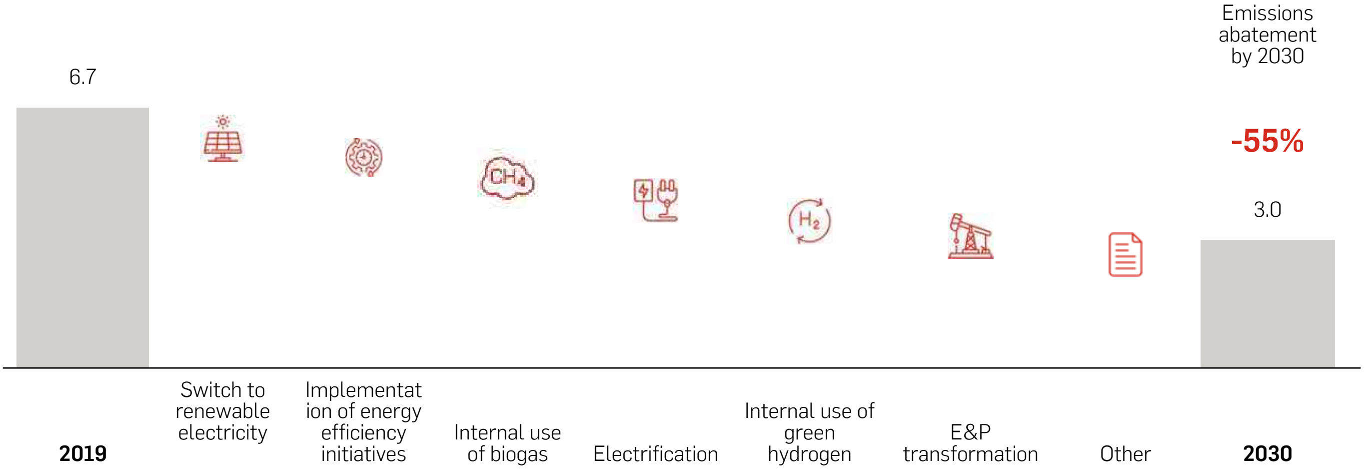
Decarbonisation Plan

The goals for reducing our Scope 1 and 2 emissions are tied to the productive activity of the facilities under our operational control and 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 are monitoring those levers constantly to assess the speed at which they are being implemented as a function of technological developments and utility sector prices, among other factors. Moreover, we factor the internal price of carbon emissions into our decisions and revenue projections. Specifically, we are projecting an internal carbon price of €140/tonne in 2030[29] based on a range of market forecasts.

[26] In line with the SBTi's Corporate Net-Zero Standard, to attain our goal by 2050, we will take measures to reduce our Scope 1, 2 and 3 emissions by at least 90% compared to benchmark levels. Any remaining emissions will be offset using nature-based solutions.
[27] Combination of climate, regulatory, technological, supply and demand factors, among others.
[28] Note that we used ACT methodology because the SBTi initiative has yet to publish a specific assessment protocol for the oil & gas sector and the Transition Pathway Initiative (TPI) only includes listed companies.
[29] In 2023, the internal carbon price was €86/tonne.

Scope 1 and 2 carbon emissions reduction plan

Cepsa's global Scope 1 & 2 emissions, million tonnes of CO_2



Switching 100% of our facilities' electricity consumption to renewable sources[30] and our electricity generation portfolio to renewable energy, ceasing to generate electricity from fossil fuels.

Technology solutions for reducing the consumption of fossil fuels.[31]

Replacement of natural gas, a fossil fuel, with biogas in both fuel and raw material applications.

Electrification of CHP, 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 green hydrogen in all our production processes.

Transformation of our E&P assets to reduce their carbon intensity.[32]

Other emission-abatement initiatives.

[30] 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.

[31] 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.

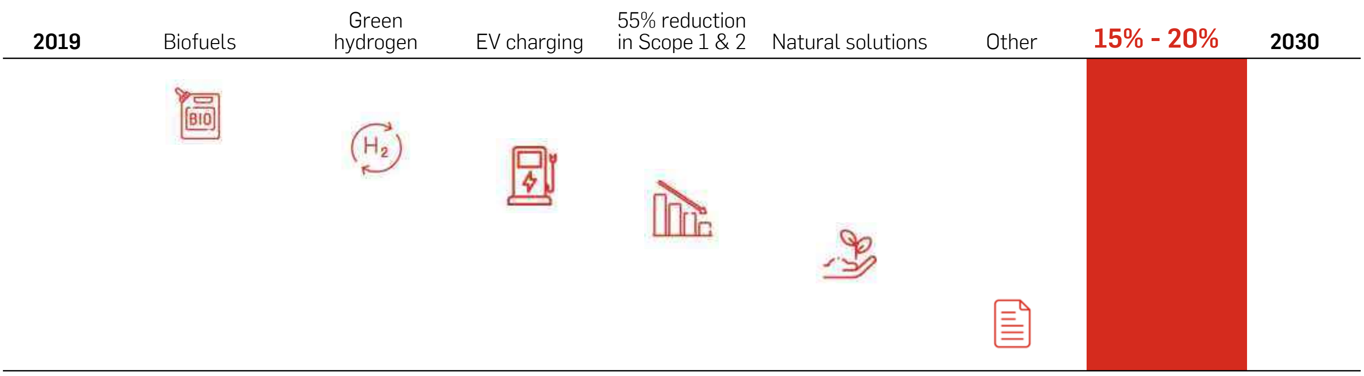
[32] The assets we operate in this business have not generated emissions from venting since 2021.

Elsewhere, the reduction of the carbon intensity index (CII)[33] of the energy sold to end customers is related with the transition to low-carbon business models.

The Commercial & Clean Energies' new customer decarbonisation area focuses on evaluating how our customers can decarbonise and striking alliances for the supply of renewable energy.

As for offsetting, we have created a new voluntary carbon credit area within this same business that is devoted to searching for new investments in nature-based projects so as to build a carbon offset portfolio for the purpose of offering carbon-neutral products. In 2023, the volume of emissions offsets associated with products sold to customers was 31,000 tCO_2.

Cepsa aims to reduce its carbon intensity by 15% to 20% by 2030



- Increased co-processing at our facilities. We already have a fatty acid methyl ether (FAME) production facility and we are planning to commission new biofuel facilities.
- Renewable hydrogen for direct sale to third parties or for conversion into new green molecules, 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
- Reduction of the carbon intensity of the energy we sell will be spurred by the levers underpinning the direct emissions reduction target.
- Offset of the emissions from our products 'in use' by offering our customers a range of carbon-neutral products.
- Other emission-abatement initiatives.

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 2020.

For further information, visit the CDP's website

33 The CII is expressed in terms of tonnes of CO_2 per unit of energy (tCO_2/TJ). The numerator is the sum of the Scope 1 and 2 emissions generated upstream and downstream in producing energy products and the Scope 3 emissions associated with the use of those products. The denominator reflects the energy the company puts on the market. Chemical products are excluded from the calculation because the CII is only used to express the intensity of the carbon of the energy Cepsa sells. The company follows the Transition Pathway Initiative's methodology to define this metric.

3.1.3.

Climate change: risk and opportunity management

Climate risks

Climate risk management falls under the scope of our Integrated Risk Management and Control System. We classify climate risks following TCFD recommendations, taking a bottom-up approach for all businesses, then consolidating them in the company's risk map. The steps in this process are: scenario-setting; physical and transition risk identification; analysis, evaluation and impact assessment; risk management; and monitoring and review.

For further information, refer to 2.2 Risk management

Key risks identified by business

Physical risks		Transition risks			
Chronic risks	Acute risks	Policy and legal risks	Market risks	Technology risks	Reputational risks
Temperature increase	Heat waves	Operating limits (inputs/outputs)	Increased cost and/or reduction of availability of raw materials	Technological obsolescence (stranded assets)	Stigmatization of the industry
Sea level rise	Cold waves	Regulatory changes associated with the products	Entry of new competitors	Disruptive technologies in production processes	Concern of stakeholders
Soil moisture	Extreme events Winds	New reporting obligations	Change in customer behavior	Unsuccessful investments in new technologies	
Solar radiation	Extreme events Rains	Increase in GHG emissions prices	Difficulty in obtaining financing or increase in financing costs		
Average precipitation	Extreme events Fires	Exposure to litigation			
	Periods of drought				

All of the risks itemised in the TCFD taxonomy have been analysed by business unit. The risks in shaded colours were assessed to calculate their financial impact.

The icons in blue indicate a relevant financial impact.

The icons in green indicate risks without a relevant financial impact.

RISK BY BUSINESS

- Energy Parks
- Chemicals
- Mobility & New Commerce
- Trading
- Commercial & Clean Energies
- Exploration & Production
- Corporate (finance)

Climate opportunities

The company also classifies its climate-related opportunities following TCFD recommendations.

Key opportunities identified by business

Energy source	Products and services	Markets	Resource efficiency
Use of lower-emission sources of energy	Development of low emission goods and services	Use of supportive policy incentives	Reduced water usage and consumption
Participation in carbon market	Shift in consumer preferences	Access to new markets	

Financial impact of climate-related risks and opportunities

We defined three climate scenarios using the guidance provided by the IEA, IPCC and NGFS to test the resilience of Positive Motion and our climate ambitions over three time horizons: 2030, Positive Motion; 2040, interim horizon; and 2050, net zero ambition:

- Scenario 1. Source: Net Zero Emissions in 2050 (NZE-IEA), SSP 1-1.9ºC (IPCC), Net Zero 2050 (NGFS - Orderly Scenario).
- Scenario 2. Source: Sustainable Development Scenario in 2050 (SDS-IEA), SSP 1-2.6ºC (IPCC), NGFS- NDCs Scenario.
- • Scenario 3. Source: Stated Policies Scenario in 2050 (STEPS-IEA), SSP 2-4.5ºC (IPCC), NGFS- Fragmented World.

We then determined the financial impacts of the relevant risks assessed under the three defined climate scenarios and three time horizons. We improved our risk analysis in 2023 and updated our financial impact calculations; by better aligning the climate scenarios and calculation criteria we obtained more coherent findings.

The scenario with the lowest impact on our cash flow is the 1.5ºC scenario in which we leverage our leadership in the energy transition. The biggest financial impact would derive from the scenario of greatest global warming in which the targets announced by the public sector are not met and our leadership is not acknowledged by society or the market. Uncertainty around regulations, social demand and technology is higher in the 2040 scenario.

The transition risks have a greater financial impact that the physical risks in all scenarios, accounting on average for over 80% of all estimated impacts. The physical risks increase over time and are more pronounced in the second half of this century.

The differences in financial impact between the various scenarios over the three time horizons are low (around 10% on average), evidencing the resilience of the Positive Motion strategy on.

As for quantification of our climate-related opportunities, note that they are included in the new businesses and targets set down in the Positive Motion strategy and are therefore reflected in the related financial projections.

3.1.4

Climate change metrics

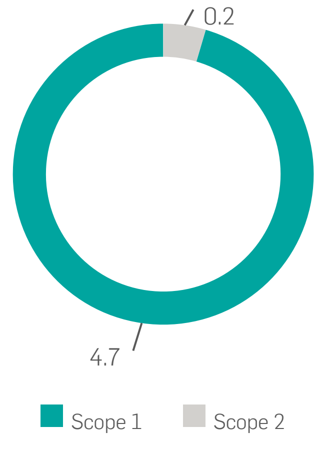
Scope 1 and 2 emissions

Every year we certify our carbon footprint under ISO 14064. This measurement covers our facilities and our assets under operating control. This year we added our international chemicals facilities and our lubricant and aviation fuel businesses to the measurement and certification. We also drew up a specific certificate for the Exploration & Production business. 93% of our Scope 1 and 2 emissions are under regulated carbon systems, which, coupled with ISO 14064 certification, means that all our reported emissions figures are reliable, traceable and offer a high level of assurance.

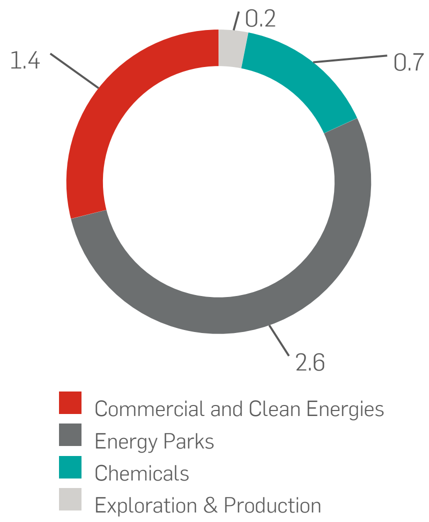
In 2023 we also widened the scope of our product carbon footprint certification under ISO 14067 to include asphalts and lubricants, in addition to all the products made at our Energy Parks. By constantly improving our calculation methodology and having an accredited third party certify it, we are able to provide our customers with information about our products' footprints over the different stages of their life cycles that can help them manage and track their own decarbonisation goals and commitments.

In 2023 our Scope 1 and 2 emissions totalled 4.9[34] million tonnes of CO_2eq, which is down around 28% from 2019.

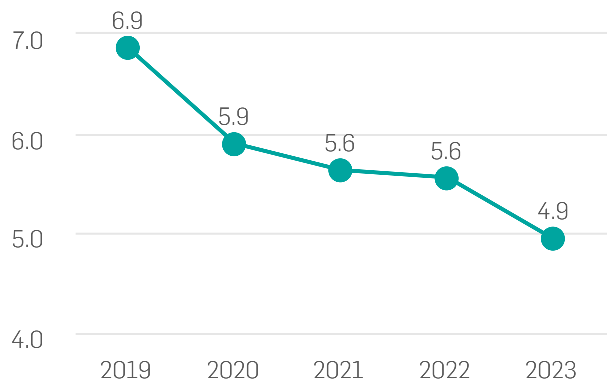
Scope 1 and 2 GHG emissions in 2023 (million tCO_2eq)



Scope 1 and 2 GHG emissions by business in 2023 (million tCO_2eq)



Trend in Scope 1 and 2 emissions over last 5 years (million tCO_2eq)

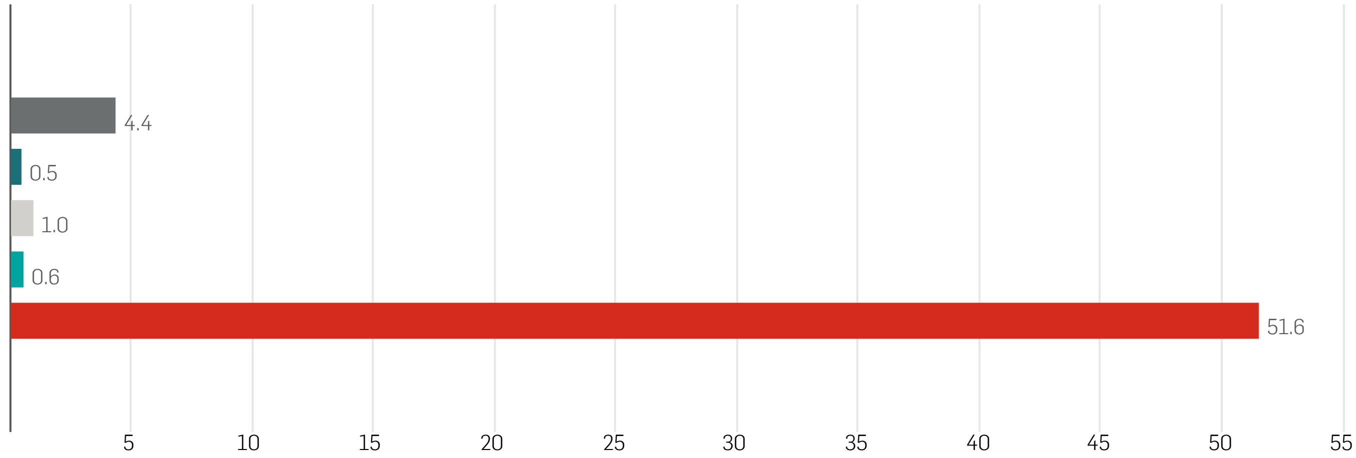


The reduction during the last five years demonstrates the strength of our commitment to reducing our emissions and has been driven notably by the increased use of low-carbon energy sources like renewable electricity, the consumption of biomethane at our chemicals facility in Bécancour (reduction of 4.782 tCO_2eq) and the use of renewable energy generated by co-processing vegetable oil at our Energy Parks (reduction of 5,238 tCO_2eq),as well as our ongoing efforts to spur energy efficiency projects. Our emissions also decreased in 2023 as a result of a reduction in our business volumes.

[34] The scope of the Positive Motion target differs slightly from that reported in this Integrated Report. The Positive Motion target is circumscribed to CO_2 emissions and excludes fugitive emissions from our assets. Nevertheless, the latter are indirectly addressed and tackled in the Decarbonisation Plan measures. Additionally, the Positive Motion target does not include other GHG emissions, except for the CH4 emissions from our Exploration & Production assets as a result of flaring. Elsewhere, the asphalts business and the bioenergy plant in San Roque are not included in the scope on account of their scant materiality.

Scope 3 emissions[35]

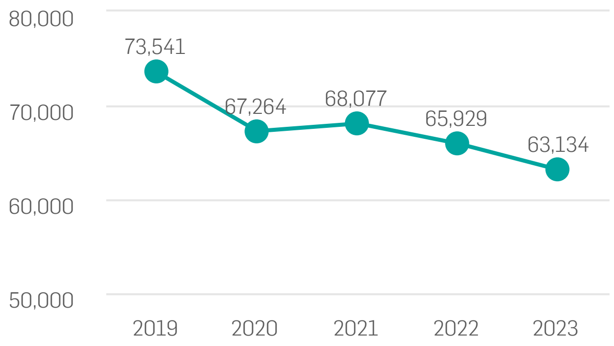
Scope 3 GHG emissions by category in 2023 (million tCO_2eq)



In 2023 the Scope 3 emissions included in this scope amounted to 58.0 million tonnes of CO_2eq, which is down 7% from 2022. This reduction is attributable to an improved calculation methodology in the 'Purchased goods and services' category, specifically reflecting the origin of our crudes by using the Ecoinvent database.

Energy consumption

Trend in energy consumption over last 5 years (TJ)



Our operations consumed 63,134 TJ[36] of energy in 2023, down 4% from 2022, in line with the downtrend in emissions and drop in business volumes. In 2023 we used less fuel-oil than in 2022, with renewable energy contributing a bigger share of the mix.

[35] The five most important Scope 3 categories are represented, meaning those that account for at least 95% of ISO 14064-certified total Scope 3 emissions.
[36] This figure relates to the energy consumed within the organisation and excludes the energy generated and sold to third parties.

3.2
Managing the environment responsibly

GRI: 2-23, 3-3, 303-1, 303-2, 303-3, 303-4, 304-2, 305-7, 306-1, 306-2, 306-3, 413-2 / SASB: EM-EP-160a1, RT-CH-140a.3

MILESTONES 2023

AENOR certification of our circular economy strategy.

Publication of our biodiversity commitment at our wind and photovoltaic plants

Implementation of the ZERO waste management and traceability platform in Commercial & Clean Energies.

KEY INDICATORS	2023	2022
Water withdrawn (thousand m_3)	31,395	33,143
Freshwater withdrawn from water-stressed regions (thousand m_3)	13,103	14,385
Waste generated (tonnes)	80,889	62,768
Waste recovered (%)	70.9 %	64.4 %
Habitats protected or restored (cumulative, m_2)	570,900	555,900

For further information, refer to Appendix 2.2 Environment

3.2.1

Managerial excellence

Our HSEQ Policy is formulated to ensure we conserve and preserve the environment in the course of our business activities. It also provides the foundation for implementing our Environmental Management System (EMS) across our organisation, framed by the main applicable standards.

Our EMS is aligned with the new High Level Structure (HLO) common framework for ISO management system standards, which makes it possible to integrate different ISOs into a single management system while facilitating access to external global certifications. Our EMS is audited and reviewed annually by an independent third party. We also carry out on-site inspection visits annually to verify its implementation and effectiveness.

100 % of our productive facilities are certified under international environmental standards and 91 % are ISO 14001-certified

The technical teams in each business, with support from the corporate team of technical experts, control and manage all environmental aspects, verify compliance with applicable regulatory requirements and strive to minimise their impacts.

We apply the precautionary approach established in the Rio Declaration on the Environment to our activities:

- 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 by means of plans, protocols and simulations.

We draw up and publish environmental statements for our major facilities in Spain annually. Those statements identify and assess the most significant environmental aspects. They are validated externally together with their management systems under EMAS (eco-management and audit scheme) requirements and can be viewed on our website.

We have environmental liability insurance for all our production, storage and supply facilities whose coverage which goes beyond that required by law.

3.2.2

Responsible water consumption

We are committed to making reasonable use of water resources and managing water responsibly. This commitment goes further than our legal requirement and is set down in our HSEQ Policy. We only use the water needed to operate our facilities safely and we foster initiatives that save or reuse water and search for new sources.

In our Position and Strategy on the Use of Water and the Treatment of Wastewater, we address the availability of and access to freshwater as a human right and outline our dependence on water and our strategy for reducing our water footprint.

In addition to our corporate targets, we have local and business-specific targets in Energy Parks and Chemicals. Our monitoring effort allows us to track our performance and introduce new measures.

Our goal is to reduce our withdrawal of freshwater from water-stressed areas by 20% in 2025 by comparison with 2019

From our Water Panel, a cross-cutting taskforce involving professionals from all relevant businesses and departments, we identify and assess ways to improve our water management. We also monitor delivery of our freshwater consumption reduction target and the initiatives to be implemented in each business, paying special attention to the facilities located in water-stressed regions.

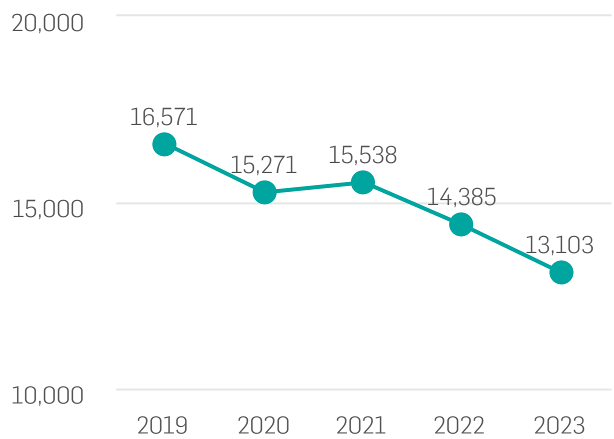
CDP Water

- We have ranked in the leadership group with a score of A- since 2020.

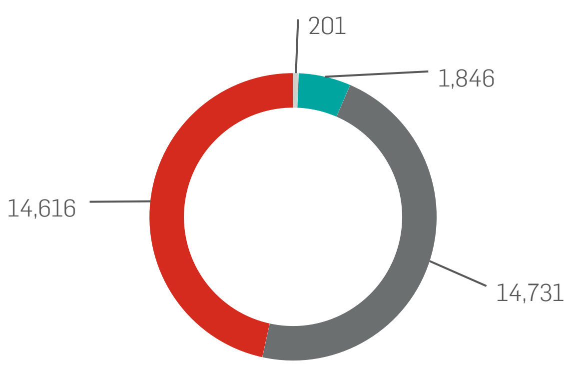
Water risks are included in the corporate risk map and we use the WWF's Water Risk Filter tool to measure them. This tool evaluates our physical, regulatory and reputational risks considering operational information specific to each facility and the water basin where they are located. We also assess and quantify our water impacts and risks using the TCFD methodology used to identify and measure climate risks. Our TCFD assessments conclude that the risk of water scarcity would mainly impact us via government restrictions on the use of water, which could impact production or require us to make new investments.

We urge our value chain to likewise embrace our commitment to using water responsibly by collaborating closely with our suppliers and customers and participating actively in sector associations such as the IPIECA's Water Working Group and CONCAWE's Soil & Waste Management Group. We also carry out awareness work by getting involved in the Water Cycle events organised by the financial daily *Cinco Días* and the seminars targeted at journalists in San Roque and Huelva, as well as participating in numerous workshops and press articles.

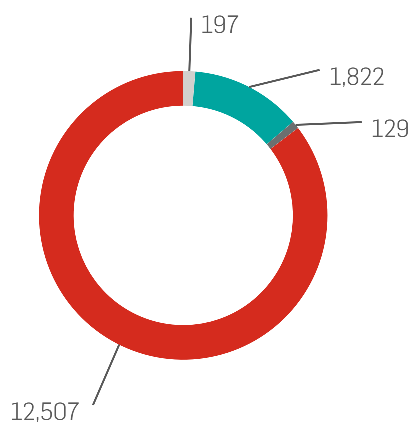
Freshwater withdrawn from water-stressed regions (thousand m^3)



Water withdrawal by source in 2023 (thousands of m^3)



Water withdrawal from water-stressed regions by source in 2023 (thousands of m^3)



Surface water Groundwater Produced water Water supply

In line with our target for reducing freshwater withdrawal in water-stressed regions, our water withdrawal continued to trend lower in 2023. The reduction was the result of a number of factors, including optimisation of the effluent treatment facility at the La Rábida Energy Park, lower production volumes at our chemicals plants, optimisation of the cooling tower and pressure tank cycle at the San Roque Energy Park and operational improvements across the processes that use water.

Below is a summary of some of the main measures undertaken in 2023 by business:

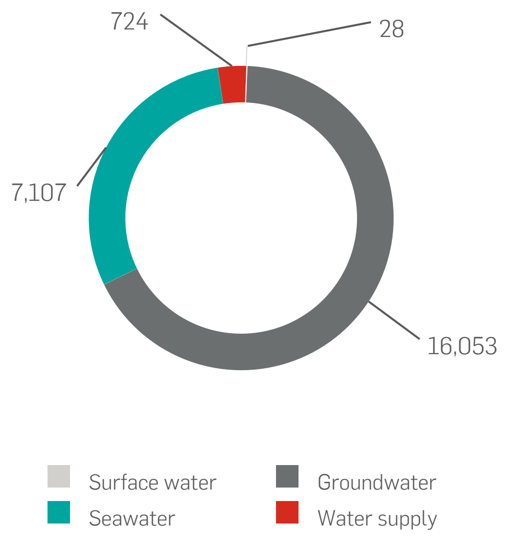
- Commercial & Clean Energies: formulation of water savings plans at each facility.
- Mobility & New Commerce: study into the installation of smart flowmeters.
- La Rábida Energy Park: improvements to the cooling process.
- San Roque Energy Park: agreement with ARCGISA, the public sector company that manages urban services in Campo de Gibraltar (Spain), for the reuse of regenerated water, derived from urban wastewater, in our processes. In 2023 we made progress on our project for recycling up to 20% of our water to be launched in 2024.
- Chemicals Puente Mayorga: launch of the Nalco cooling tower optimisation project and performance of the hydraulic test using seawater in a bid to reduce freshwater consumption.
- Exploration & Production - BMS asset: installation of a new produced water ultrafiltration system and resumption of the process of reinjecting that water into the ground, minimising the risks associated with handling produced water at surface level.

Wastewater management

We apply best available techniques to control and minimise the environmental impact of our discharges so as ensure compliance with the quality requirements outlined in our production facilities' environmental permits.

The competent authorities grant these permits after all the corresponding environmental aspects have been identified, studied and assessed. In keeping with applicable legislation and framed by our use of best available techniques, the permit limits (including discharge parameters) are then set, along with monitoring and control plans.

Water discharge by type of destination (thousand m^3)



3.2.3

Fostering biodiversity

Our Biodiversity Policy fosters regular identification and assessment of the key impacts our activities have on our habitat to ensure they are managed correctly.

Our Biodiversity Panel, a working group made up of representatives from the different businesses and relevant departments, identifies, analyses and implements initiatives designed to enrich biodiversity and minimise our impact.

We have set ourselves the goal of preserving and nurturing biodiversity at our wind and solar farms as we work initially towards no net loss at these plants and before going on to achieve a net positive impact.

To learn more about our activities' impacts and dependencies we use the ENCORE tool and the SBTN (Science Based Target Network) Sectoral Materiality Tool. Our process and its results are outlined in a document titled Analysis of Cepsa's Impacts and Dependencies.

In addition, specifically to identify sensitive areas, we used internationally recognised databases such as the World Database on Protected Areas (WDPA) and Important Bird and Biodiversity Areas (IBAs) dataset.

We then use this information to design and implement biodiversity action plans. We apply the mitigation hierarchy principle (avoid, minimise, restore and, as a last resort, offset) at our productive facilities, whether located in biodiversity-stressed regions or adjacent areas. Below are a few examples of the actions taken:

- Avoid: development of bi-annual biological and biodiversity monitors at our Exploration & Production asset in Peru.
- Minimise: fauna management protocols to facilitate the protection and relocation of any fauna that might appear along the perimeter of our Exploration & Production operations.
- Restore: the Cepsa Foundation is carrying out restoration work at the Primera de Palos lagoon (Huelva, Spain), a Ramsar wetlands site of international importance. We also maintain the Madrevieja environmental station in San Roque.
- Offset: we work to conserve and rescue sea turtles. For example, we are involved in the Tamar Project in Detén (Brazil) and the SOS Caretta Project, which is championed by the Foundation. Also through the Foundation we contributed to the reforestation of the area affected by the fire in Peñuelas in 2017 inside the Doñana Nature Park and joined in the 1m^2 beach and sea cleaning drive to clean up the Los Cristianos beach.

We carry out activities to raise awareness among our professionals, suppliers and other stakeholders about the importance of protecting and conserving nature and we reach out to the authorities, non-governmental organisations and local communities, among other stakeholder groups.

We also help the scientific community by studying the species and ecosystems close to our main productive facilities. In 2023, through the Cepsa Foundation, we collaborated with the International Union for Conservation of Nature (IUCN) to draft a Nature-Based Solutions Guide by sharing practical cases, including our restoration work at the Primera de Palos lagoon.

3.2.4

Making our operations more sustainable

In our HSEQ Policy we also pledge to use resources efficiently and minimise the amount of waste we generate. The HSEQ Policy is complemented by our Position and Strategy on Waste Production and Management, which expounds how we seek to apply the waste hierarchy principle, specifically by preventing the generation of waste, rationalising the use of raw materials through reuse and recycling, recovering waste and, when there is no alternative, disposing of it via authorised handlers.

Circularity is one of the cornerstones of Positive Motion. In 2023 we had AENOR certify our circular economy strategy, so evidencing its integration into our value chain. This certification effort establishes a framework for determining the importance of circular economy aspects to be tackled and the international principles the strategy contributes to.

- We plan to increase the intensity of the circularity of our waste by 50% by 2030 versus 2019.
- We will increase the share of renewable and circular raw materials used at our Energy Parks to 15% by 2030 by comparison with 2019. That will imply the use of 2.8 million tonnes of biological raw materials in 2030, 75% of which consisting of 2G raw materials and other waste that otherwise would end up going to landfill.
- We will switch the fossil fuel sources in the chemical products we sell by introducing renewable and recycled materials.
- By 2030, all of the 100% renewable gas-oil and sustainable aviation fuel (SAF) we produce will be second generation.

Our Circular Economy Panel, a cross-cutting taskforce involving professionals from all relevant businesses and departments, identifies and implements circular alternatives for both the waste produced by the company and society and the raw materials we use.

Among the many circular economy practices carried out, we would stress the adaptation of our Energy Park facilities and processes to enable the manufacture of new sustainable fuels, as well as the reuse of the spent FCC catalyst and the chemical co-processing of plastics for use as an input in La Rábida; development of the Green Certification Scheme to ensure that the activities carried out in Commercial & Clean Energies meet the most stringent sustainability standards; implementation of a 2G biofuel production complex using residual raw materials in Commercial & Clean Energies; the manufacture of NextLab using biomass in Chemicals; and the reuse of osmosis water to prepare drilling sludge in Exploration & Production.

Waste management

We generate different kinds of waste and distinguish between waste derived from production processes, from maintenance operations, from construction and demolition work and from work done in our offices, canteens and other areas. We classify waste as hazardous, non-hazardous or municipal based on its composition.

ZERO platform

In 2023 we implemented our ZERO platform at our different Commercial & Clean Energies facilities. This tool helps us extract operating efficiencies and rationalise resource usage through enhanced traceability and access to real-time information, as well as centralised data tracking and control.

We are authorised waste handlers and also use external managers in specific instances. If we are unable to treat our waste, we prioritise its treatment locally to avoid unnecessary journeys. We urge our waste handlers to make the most of our waste through its recovery, setting them targets and rewards for their delivery. We also track where our waste ends up so as to ensure compliance with our requirements.

The chart above illustrates our commitment to giving our waste a second life. This shows that the volume of waste that is recovered continues to increase, while the volume directed to disposal increased slightly due to demolition waste generated during the process of abandoning the Merecure, Jilguero and Puntero fields in Colombia in the Exploration & Production business. This year the volume of waste generated at our Ramiriquí asset in Casanare (Colombia) fell sharply on the back of a decrease in operating activities. We also managed to recover new types of waste, including biological sludge and residual asphalt, which has had a positive impact on our circular economy commitments.

In terms of alliances, we struck an agreement with ARCGISA, the public sector company that manages urban services in Campo de Gibraltar (Spain), for the reuse of urban wastewater in the San Roque Energy Park.

Finally, with a view to identifying new waste recovery technologies and solutions, we collaborate with universities and stay in contact with third parties in a position to bring us know-how and experience with emerging techniques.

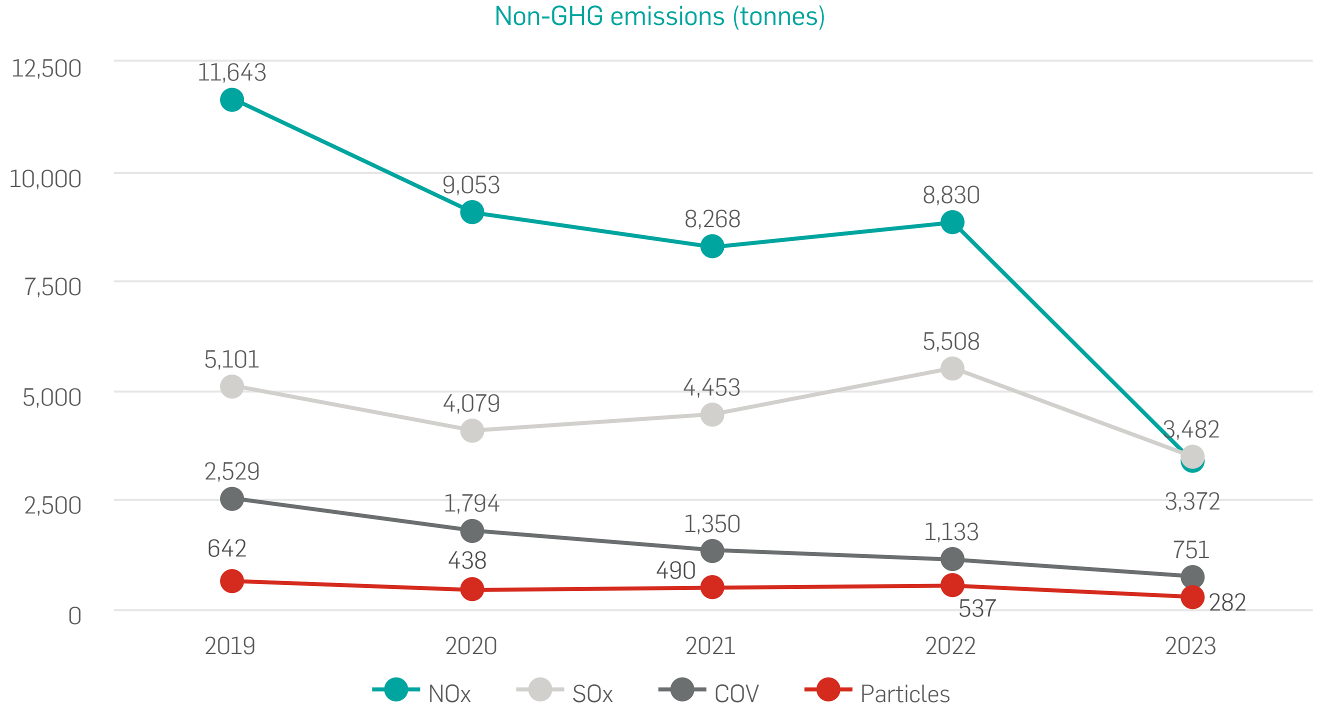
3.2.5

Continuous control of our air emissions

We are committed to preventing pollution and minimising our impact on the atmosphere, as formally set down in our HSEQ Policy and our Position and Strategy on Air Emissions. We apply best available techniques to reduce our emissions and we monitor them constantly. We also have self-control mechanisms and collaborate with an authorised environmental quality provider to develop new measures.

In a bid to prevent or at least minimise our non-greenhouse gas emissions, we have implemented a number of initiatives across our various businesses. Highlights from 2023 included the start-up of an electrostatic precipitator at the FCC unit at the La Rábida Energy Park, so reducing our particles emissions; the installation of a regenerative thermal oxidizer (TRO) to abate VOCs at our chemicals facility in Palos de la Frontera; the boiler fuel switch in Mobility & New Commerce from gas-oil to natural gas; and road watering in our Exploration & Production business to reduce dust.

Elsewhere we carry out olfactometry studies to control odour levels at all relevant facilities and take steps to mitigate noise.



Emissions have generally been trending lower in recent years. Thanks to the decision to cease using fuel-gas in the boilers in our Exploration & Production asset in Caracaca (Colombia), virtually all our emissions, particularly NOx, have fallen. Elsewhere, the drop in activity at the RKF asset (Algeria) also implied a considerable reduction in emissions, in this instance most notably in VOCs.

Lastly, the energy efficiency projects executed at the La Rábida Energy Park (fuel and fuel load rationalisation) have driven a reduction in SOx emissions.

In terms of stakeholder engagement, we participated in the drafting of air quality improvement plans through a number of sector associations, while continuing to reach out to the competent authorities.

3.3
Ready for workplace change

GRI 3-3, 2-19, 2-20, 2-29, 2-30, 403-5, 404-2, 407-1

Our People Strategy, which is an addition to our Positive Motion strategy, aims to drive and reinforce the businesses in their quest to deliver their objectives in four key areas: talent culture, agile and flexible organisation, employee experience and inclusive culture.

MILESTONES 2023

A new 'Leadership model', underpinned by our corporate values, with specific behaviour and practices expected of all our leaders and 360 degree feedback, and start-up of the eMotion Journey leadership development programme.

Signing of the Group's II Partial Collective Bargaining Agreement, setting out and regulating the working conditions until 2025 of more than 2,000 people at the Madrid workplaces, the sales offices and the Innovation Centre.

New digital platform to manage talent selection processes for our services stations to reduce recruitment times.

KEY INDICATORS	2023	2022
Employees (no.)	10,865	10,310
Female (%)	38.9 %	38.0 %
Women in management positions (%)	28.9 %	26.7 %
Employees with disabilities (%)	1.63 %	1.14 %
Employees with permanent employment contracts (%)	94 %	95 %
Employees covered by collective bargaining agreements (%)	87 %	87 %

Appendix 2.3. Human resources

3.3.1

Talent with purpose

We offer quality, sustainable and stimulating work and create a positive working environment in which all our people can grow. We invest in honing our employees' skills and energy sector specialisation and promote diversity so as to enrich our talent and enhance their experience working at Cepsa.

We pursue a people-centric approach to bolster our Employer Branding strategy and make us an attractive employer so we can draw talent. We are a well-established company that is growing and undergoing transformation, aiming to spearhead the energy transition. This enables us to offer high-quality employment and development opportunities through internal mobility policies, international exposure and career advancement.

This approach garnered us several awards and accolades in 2023. For instance, we won recruitment awards from the EAE and EOI business schools and were finalists in the Best Employer Brand category of the LinkedIn Awards; we were also named one of the best 100 places to work by Forbes in 2023.

We are particularly on the lookout for junior talent, running a number of programmes for university and dual vocational training students, as well as recent graduates. One of our leading programmes is Talent Call, which helps these students and graduates to start their careers. Initiatives include: Welcome U, work & study internships; Developing U, an opportunity to carry out undergraduate or master's dissertations with the support of the company's experts; and Challenging U, an offer of a permanent contract and certain perks to recent graduates, in addition to training at a business school during their first year. In 2023, Challenging U promoted the hiring of women and people with disabilities. Indeed, 70% of new hires were women and 5% were people with a disability.

We also encourage local employability through alliances and partnerships to create jobs in the areas where our facilities are located. As stated in our Human Rights Policy, we are committed to identifying and assessing the situation of the local communities and their needs and aspirations and promoting alliances or partnerships to create jobs. To that end, we partner with several universities in the areas where we have facilities in order to provide students with a glimpse of the business world, learn more about each other and promote research.

Digitalisation of recruitment at our service stations

We have a new digital platform at our service stations for posting job vacancies, collecting resumes and keeping an employment portal to reduce recruitment times. We were the first major company in the sector to use this technology at service stations in Spain, earning the company a Cegos award in the 'Attracting and Integrating Talent' category'.

Steering career development

Our integrated evaluation model is geared towards enhancing employee performance through:

- MIDE system: a tool for measuring performance against company, business and individual objectives. It also factors in behaviours related to our values. We carry out annual evaluations, providing interim feedback during the year to guide employees on how to deliver these objectives.
- Leadership model: guide that combines our purpose, vision, strategy and corporate culture. It focuses on the behaviours leaders must display to represent our corporate values and practices, which are specific and tangible actions, including safety. 360º is a development tool designed to trigger our model and help draw up an action plan based on feedback.
- Talent committees: designed to identify potential and specify development commitments so our team is prepared to tackle the company's challenges. They target department heads and senior technicians.
- Succession plans: these pinpoint the company's relevant positions, assign successors for those positions and draw up career plans to facilitate the transition to a new position.

How to add talent: work-life balance and job flexibility

Our work-life balance management programme fosters a new culture based on flexibility, respect, trust and mutual commitment. We want all our people to contribute their talent, no matter what their personal situation and needs are.

Collective bargaining agreements set out, for instance, the various types of employee working hour arrangements, the annual work schedule, timetables, types of employment arrangements, performance and compensation scheme. Most staff in industry and service stations work shifts, with different sequences and rotation cycles. The corporate and sales areas use the flexi-time model, with completely flexible hours.

To that end, we have guidelines with work-life balance measures tailored to each job market. These include flexi-time, teleworking, transfers for work-life balance reasons, part-time work, remote working, childcare vouchers, breastfeeding facilities (e.g. building up leave or specific breastfeeding areas) and paid leave to care for family members in addition to parental leave.

We recognise our people's right to digitally disconnect, respecting their right to time off and private life to help reduce 'technostress'. The Group's II Partial Collective Bargaining Agreement, its most important by number of employees covered, stipulates the right to turn off digital devices outside working hours, ensures that employees are not penalised for exercising this right, and outlines training and awareness-raising actions on the reasonable use of IT tools.

We also have initiatives in place targeting physical health and sports. One example is Sanitas' Healthy Cities initiative, through which we promote healthy lifestyles and help make cities more sustainable.

Certifications

- Top Employer
- Most Loved Workplace

3.3.2

A diverse and inclusive workplace

Part of our Positive Motion vision is to make Cepsa an inclusive and compassionate space. The success of our strategic plan hinges on making our company a place that embraces diversity, where equal opportunity for development and inclusion of all our people is guaranteed in our values and culture, the cornerstone of which is well-being. As part of our "We care about people" value statement, we work to make all our people feel that they are welcome and belong to the company.

Our Diversity and Inclusion Policy is a testament to our firm commitment in this area. 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 fosters respect so as to prevent all forms and manifestations of harassment, intimidation or violence.

We have set a target of having 30% women in leadership positions and 3% of employees with disabilities by 2025[37].

Our Diversity and Inclusion Committee promotes diversity and an inclusive culture across the company, ensuring an enterprise and cross-cutting approach, singling out best practices and tracking the progress towards achieving objectives. To help us with this drive, we have a diversity champions team. Members of both this and our human resources teams have received training on diversity essentials to create spaces for addressing diversity and taking tangible actions.

We have also stepped up our commitment with 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, support and cooperation initiatives.

Our Diversity and Inclusion team draws up annual plans taking into account our employees' expectations as collected in the diversity and inclusion (D&I) questionnaire, alongside the heads of the business and functional areas, the D&I Champions and the employee diversity networks.

Each company has its own equality plan, while there is also a plan for companies covered by the Group's second Partial Collective Bargaining Agreement.

In 2023, we focused particularly on providing training to all our people. We offered courses totalling more than 2,000 hours and initiatives such as the Inclusive Language Handbook, the glossary of LGBTI+ terms and the Inclusive Recruitment Guide. We also celebrated key dates and conduct awareness campaigns.

We want to extend our D&I pledge to all of society. To that end, we held our first 'We care about people. Chats with Bettina', an online series in which Bettina Karsch, Cepsa's HR head, talks with both Cepsa and non-company people who are leaders in the realms of communication, culture, business or society. The aim is to inspire watchers through enlightening talks about equality and diversity.

During pride month, as a show of our support to the LGBTI+ community, we put up rainbow flags at our Madrid, Cadiz and Barcelona service stations. We were also a Madrid Pride 2023 sponsor.

[37] Between in-house staff and external partners.

Anti-sexual/gender harassment protocols

We have a procedure in place explaining how to investigate reports of sexual harassment, mobbing or gender harassment. All group companies must comply with both this procedure and the company's various anti-harassment protocols.

These protocols also provide guidelines for management, which must do everything it can to ensure that any reports filed are handled appropriately, objectively and confidentially.

This year we also launched a course about preventing and tacking workplace harassment.

Intrama Diversity and Inclusion Awards

Our training programme designed to enhance the employability of people with disabilities was a runner-up in Intrama's Diversity & Inclusion Awards in the Disability category. These awards recognise the work of companies and professionals committed to becoming more equitable.

Real inclusion

We remain firmly committed to adapting our workplaces and making our facilities accessible to people with disabilities. We have taken certain measures to promote hiring of people with disabilities, such as posting job offers in specific talent portals, prioritising their use for coverage of temporary vacancies and creating talent pools. Care plans are also in place for families of workers who have children with disabilities to promote their socio-economic and labour market integration.

In a bid to make further inroads on this front, in 2023 we began conducting an in-depth analysis of the architectural and digital accessibility of our facilities. To assist us with this endeavour, we engaged Ilunion Accesibilidad, a member of the ONCE Social Group, whose aim is to help companies, public bodies and third sector organisations achieve their digital transformation and that of their spaces through 360-degree accessibility. This project will provide us with a basic overview of accessibility to our buildings, along with both physical and digital accessibility handbooks.

Accolades and partnerships

Our drive to achieve full employee inclusion has captured a number of accolades:

Financial Times Diversity Leaders ranking for 2023.

Diversity Leading Company Seal, which certifies us as a leading company in diversity, equity and inclusion.

Empowering Women's Talent Seal, for promoting female talent within the organisation.

Top40Company - INTRAMA's VariableD2023 report, ranking us among the top 30 companies in Spain in terms of D&I commitment.

Also, for the first time we applied for inclusion in the Bloomberg Gender-Equality Index 2023 (GEI). We received the GEI logo for private businesses in recognition of our efforts to support gender equality in the company through increased transparency about related policies and practices.

Noteworthy partnerships and initiatives include:

- Endorsement of the Standards for Conduct for Business: Tacking Discrimination against LGBTI+ people.
- We participated in the third edition of Target Gender Equality, a gender equality accelerator programme for participating companies.
- We renewed our participation in the diversity charter run by Fundación Diversidad.
- We worked with the ONCE Foundation on its Inserta labour inclusion programme, so helping to boost employment and training of people with disabilities.
- Partners of Women Action Sustainability (WAS).

We took part in the following events:

- CERAWeek Women in Energy.
- Redes de Emplead@s y Aliad@s LGBTIQ+ (employee and ally networks for LGBTIQ+ people).
- Women's Talent Day.

We hosted the Business Council this year, to celebrate pride month, at Torre Cepsa. The event was organised by Fundación Diversidad, of which we are a member, and afforded us the opportunity to stress the importance of sexual orientation diversity in the workplace and share best practices with different companies.

3.3.3

Learning culture

We continue to develop our learning model to help all our people acquire critical skills so we can address the energy transition. This model is articulated around three areas:

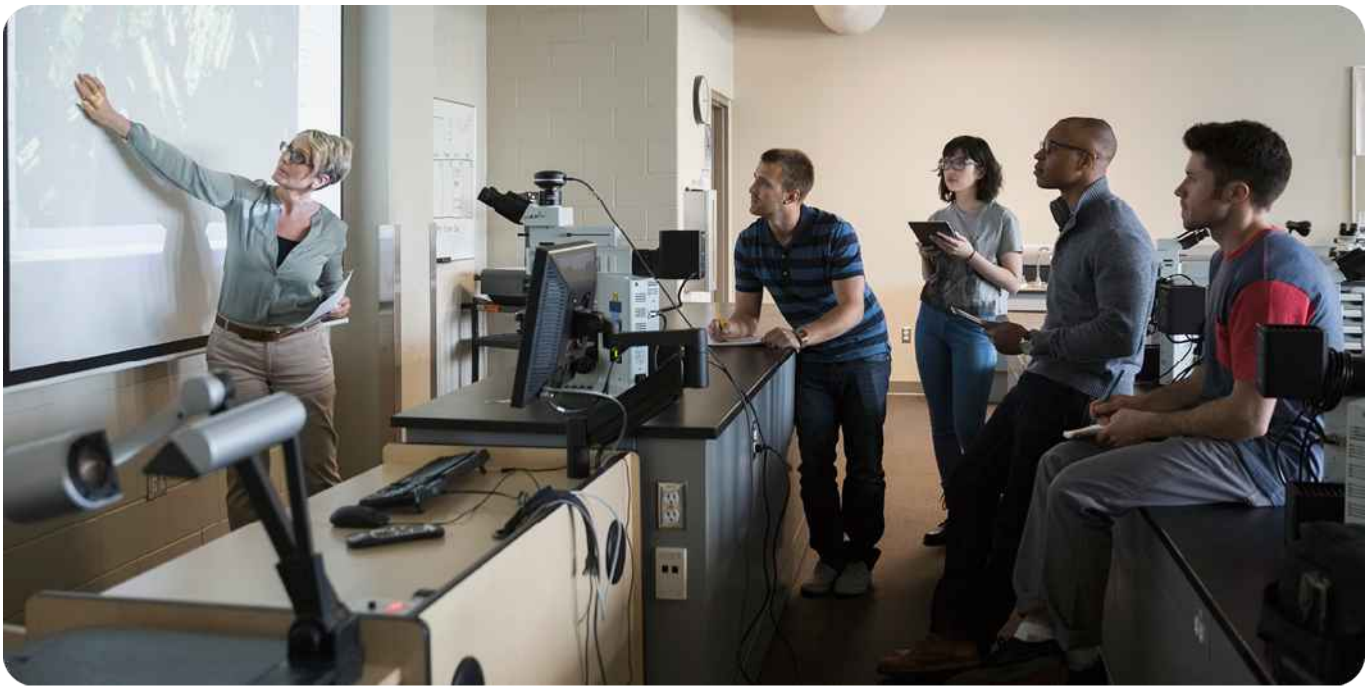
- Designing programmes and developing resources for upskilling and reskilling: we have a process in place for identifying and mapping skills focused on green and other relevant skills for our sector, which is making it easier to pinpoint needs, as well as internal and external mobility.
- Leveraging continuous learning to drive transformation and a culture of development:
  - Learning Days: on the next-to-last Friday of every month, all staff are allowed to spend four hours on learning and development.
  - Expert communities: spaces for cooperative learning, where people share best practices.
  - Learning Corners: areas set up so our people can create, access and make use of their collections of learning resources.
- Setting up a state-of-the-art, technology-based, personalised and efficient training experience: we are devising a new learning platform featuring artificial intelligence (AI), LXP (Learning Experience Platform), which provides a learning ecosystem based on personalised skills and needs.

We also have several cutting-edge solutions available. Examples include Linkedin Learning, which provides democratised learning and a broad offering, with 17,000 courses available, and Speex, one of the market's highest rated online language learning solutions. We have also set up a virtual reality platform to provide training on health and safety.

Energy transition programmes

In 2023, we paid particular attention to the upskilling and reskilling programmes:

- Green Skills Academy: learning programmes on new energies. One example is the Clean & Green Energies Learning Program, comprising four modules: green hydrogen, biofuel, renewables and SAF, with its own online certification. Another is the Renewable Hydrogen Programme for technical staff in different business areas focusing on Energy Parks.
- Digital: geared towards developing digital skills. Key programmes include CDX and Digicom.
- Power Skills: designed to develop learning skills, a necessary tool for driving our transformation that includes programmes such as Boosting your Learnability.
- Specific technical programmes for businesses.



Health and safety programmes

We launched three programmes in 2023, in addition to those already in place, to promote the value of health and safety:

- Risk Factor: programme put in place at industrial facilities to teach employees and raise awareness about both work-related and personal risk factors.
- Driving safety: a programme offering both theoretical and practical training, with content designed to improve driving so as to make it both safer and more efficient.
- Leadership in safety: workshop included as part of the Emotion Journey leadership development programme on the importance of safety and safe behaviour to reduce injury rates.

In addition to these programmes, we also carry out myriad training actions at our workplaces tailored to specific risks.

Leadership development programmes

Two of the main leadership development programmes carried out during the year were:

- Emotion Journey: for 590 department heads overseeing teams and 150 executives. It entails over 20 hours of training and features an in-person workshop, digital content and peer learning. The aim is to take the new leadership model up another notch in Cepsa, reflect on the company's values and foster enterprise-wide and inter-area work. The programme encourages leaders to become fully engaged with the company's strategy and understand the key role they play in its transformation.
- Leadership Induction (new managers programme or NMP): new onboarding programme for new managers. The programme works on honing relevant skills; e.g. public speaking, strategic communication, values, leadership model, self-leadership and emotional management. Two editions of the programme were carried out in 2023 for a total of 34 new managers.
- In-house coaches: we provide coaching training to key leaders identified as role models for the company's culture. After completing three years of training, they are certified as professional coaches by the International Coaching Federation. Thanks to this programme, our leaders are helping to nurture new leaders and high potential individuals.

Employee training

We completed training highly qualified people out of work in the areas of influence of the Huelva and San Roque Energy Parks with a view to both improving their employability and meeting the recruitment needs of operations staff. This initiative yielded 39 job-seekers ready for hiring.

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; 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

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.

To prevent biases, our remuneration policies set common criteria for determining salaries and seek maximum objectivity in their application. All companies have set up a remuneration register in accordance with the law to evaluate the gender pay gap.

Director and officer remuneration

Remuneration of the members of the Board of Directors is regulated by the Remuneration Policy for Directors approved by both the Board[38] and at the General Shareholders' Meeting on a recommendation by the Nomination and Compensation Committee. The Nomination and Compensation Committee is tasked with reviewing and approving the remuneration of senior management and the implementing policies.

The director remuneration system entails a fixed annual amount which is determined at the General Shareholders' Meeting and allocated among all members. For directors performing executive duties, in addition to principles of transparency, prudence and compliance with corporate governance recommendations, the remuneration system considers market trends, alignment with shareholder objectives and compatibility with appropriate and effective risk management. It is marked by a balanced and efficient mix of fixed and variable components and is designed with short-, medium- and long-term horizons in mind.

Remuneration of executive directors and senior managers comprises fixed remuneration, short- and long-term variable remuneration, and benefits (primarily pension plans, company cars, petrol, parking and medical, life and accident insurance).

Sustainability performance is included in the overall[39] targets for employees and executives through the variable remuneration scheme. Sustainability criteria accounted for 25% of targets in 2023 and 30% of the long-term targets set this year for executives.

In 2016, the Nomination and Compensation Committee engaged an external consultant to assess the remuneration policies of executive directors and proposed an action plan to adjust the structure of their remuneration and bring it to the desired levels. In 2018 and again in 2022, it 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.

[38] The Board is responsible for adopting and regularly reviewing the policy's general principles and ensuring that they are applied. .
[39] Matters considered in the short-term sustainability targets are CO_2 emissions, the TRIR (total recordable incident rate) and ESG rating results. Long-term targets include CO_2 emissions, the TRIR and diversity and inclusion.

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.

Employees covered by collective bargaining agreements (%)	87 %

Our Human Rights Policy recognises the importance of respecting the right to freedom of association and the participation of workers' representatives. In addition, one commitment of our Human Resources Policy is to maintain optimal dialogue with trade union organisations and workers' legal representatives, promoting smooth and effective labour relations.

In addition to ongoing dialogue, a number of monitoring committees were set up for areas including health and safety, remote working, working times, employee categorisation and equality.

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.

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.

A major development for its relevance and impact was the signing of the Group's II Partial Collective Bargaining Agreement, regulating the working conditions until 2025 of more than 2,000 people at the Madrid workplaces, the sales offices and the Innovation Centre. Also notable was the II Refining Collective Bargaining Agreement, which covers all of our Energy Parks.

3.4

Safety in Motion: striving for excellence

GRI: 3-3, 403-1, 403-2, 403-3, 403-6, 403-7, 403-9 / SASB: RT-CH-320a.2, EM-EP-320a.2, EM-RM-320a.2, EM-EP-540a.2, EM-RM 540 a.3

2023 MILESTONES

Launch of our new safety vision: Safety in Motion.

Organisation of our first global security day, involving over 4,000 employees and contractors, at 65 of our workplaces.

Formulation of our Safety Excellence Plan with DuPont Sustainable Solutions (dss+) with the aim of bringing about a safety transformation at the company.

KEY INDICATORS	2023	2022
Fatalities, employees and non-employees (no.)	—	—
Employee lost workday injury frequency (LWIF)[40]	0.59	0.55
Non-employee lost workday injury frequency (LWIF)	0.88	1.76
Employee total recordable incident rate (TRIR)[41]	0.71	0.98
Non-employee total recordable incident rate (TRIR)	2.02	2.83
Level 1 or 2 process safety incidents (no.)	13	16

For further information, refer to Appendix 2.4 Health and safety

[40] LWIF: Total number of lost-time injuries / Actual hours worked x 1,000,000.
[41] TRIR: Total number of recordable incidents / Actual hours worked x 1,000,000.

3.4.1.

Leadership in safety

Safety is a prerequisite before starting on any work. With that in mind, in keeping with Positive Motion, we launched a new safety vision in 2023, Safety in Motion, which is part of our identity and has been shared with everyone who works at our facilities. With it we are striving to translate our principles into everyday conduct by placing safety at the heart of all decision-making.

We view leadership in safety as a cornerstone of our transformation and seek to inspire our teams by leading by example through safe behaviour and by caring for all of the professionals working at Cepsa, our contractors and our places of work. We want everyone to embrace the commitment to protecting each other.

First global safety day

To encourage all our employees and contractors to embrace Safety in Motion, we held our first global safety day. More than 4,000 employees and contractors from all our business units participated in the event, which involved safety workshops at 65 workplaces, demonstrating that we are all essential to leading our transformation.

Principles of the Safety Manifest

1. Safety is a prerequisite
2. We are and feel safe
3. We learn and apply what we learn
4. We dare to look after ourselves
5. We are all leaders when it comes to safety

To reinforce our leadership in safety we have specific continuous improvement and innovation plans for each business, including Brio, Orion and Kaizen:

- Brio: focused on improving how our teams work. This plan promotes leadership through specific actions such as starting the workday with a ‘safety minute’, the assumption of daily challenges and use of the Leader Standard Work, a set of recurrent management techniques for enhancing leaders’ time management.
- Orion: designed to spark continuous improvement and innovation, with safety as one of the programme categories.
- Kaizen: a cross-cutting continuous improvement model that involves everyone in process optimisation by honing our customer focus, raising awareness around safety, tightening operational discipline by leveraging data and transforming how we lead and manage teams.

Moreover, in the course of 2023, with the goals of empowering our teams, equipping them with the tools and resources needed and delivering our commitments, we ran safety workshops for different cohorts, including our Management Committee, executives, department heads and business unit employees.

3.4.2

Workplace health

Our Code of Ethics and Conduct and HSEQ Policy set down specific objectives to ensure that we meet the highest standards around health. These commitments are implemented by means of internal procedures that address health service functions.

We follow the model established by the Spanish Institute of Occupational Health and Safety (INSST), complemented by specific methodologies for risks for which there are no official guidelines. We conduct internal and external audits to ensure compliance with regulations and certify the quality of our health services.

Cepsa's medical service is staffed by in-house health professionals available to answer any type of health-related query. We also offer more holistic health services: healthy food in all our canteens and restaurants; the promotion of skills and habits for improving our emotional health and wellbeing; the addition of an overall health test to our annual check-ups; quit smoking drives; cancer detection drives; emotional care programmes for employees; and mindfulness sessions, among others.

In 2023 the medical service started to provide dedicated mental health sessions.

3.4.3

Product safety

Our HSEQ Policy sets down our commitment to protecting the health and safety of our customers. In addition, our Customer Relationship Policy sets out our consumer protection commitments.

We conduct rigorous product assessments 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.

All information on the safety of our products is included in the product safety data sheets we send to customers when they make their first purchase and whenever we make updates. We also have a tool for automatically requesting our suppliers' safety data sheets.

We draw up and review the safety information included on our packaged product labels and notify hazardous mixtures to the toxicology centres that sell them. We also have product regulatory information sheets (PRIS) with the regulatory information applicable to each of our products.

We monitor the substances included on the European Chemicals Agency's list of substances of very high concern (SVHC) even though we do not currently make any such substances.

3.4.4

Excellence in safety

The aim of our HSEQ Policy, which we updated in 2023, is to take care of all the people who work at and collaborate with Cepsa, our customers, our communities and our surroundings. It establishes specific actions and targets based on a risk and opportunity assessment, context analysis, evaluations, internal and external audits, review reports and the needs and expectations expressed by our employees, suppliers and internal and external health and safety committees.

Safety Excellence Plan

The goal of this plan is to transform the entire company around safety. To achieve it, we having been working with one of the most prestigious operations management consultants, DuPont Sustainable Solutions (dss+), since 2021.

It is structured into different lines of initiative designed to strengthen our safety culture, process safety and stakeholder management. In 2023, we added a new corporate lane to define a uniform management and support model for each business. We also developed a quality management programme to ensure that the methodology, processes and routines implemented are followed over time and driven by a continuous improvement quest.

We have an integrated management system based on benchmark international rules and standards and 91% of our productive facilities are ISO 45001-certified.

Compliance with the OHS management safety system's requirements and commitments is evaluated at different levels:

- At the business level by planning, executing and monitoring internal assurance processes.
- By the internal audit unit, which is independent of the businesses, by means of internal audits carried out by outside experts.
- From 2024 on, by the Corporate Safety Department, which will plan and monitor activities related with compliance with in-house health and safety rules.

Any deviations detected in the course of any of these evaluations are followed up by the process owners in question, depending on the level at which they are detected, and corrective action or improvement plans are set in motion to prevent recurrence or mitigate any risks detected.

Risk prevention

We identify and evaluate safety risks in a proactive manner. We define tolerable risk levels and then implement action plans and controls, factoring in what we have learned from incidents taking place inside and beyond the organisation. We keep all stakeholders informed about the process and its results. This process is carried out for operations in progress, hazardous materials, new projects, products and services and changes.

Verbal communication about workplace risks is common at our industrial facilities. We also provide our employees and contractors with a range of resources and tools for capturing risks they may detect. We also operate a 'near misses' communication channel, correspond with the Safety Department's OHS area and issue general service and maintenance notifications. Any safety breaches can also be notified through our Integrity Channel.

The annual safety planning process and the OHS management system are articulated around quantified targets and the people responsible for their execution and oversight are identified, as are the human resources and materials needed and the deadlines for their delivery. Progress on planning and target delivery is reviewed with the workers' representative bodies periodically. Lastly, the annual report drafted by the OHS area presents the final results of this effort.

Safety at suppliers

Suppliers are assessed and evaluated to ensure they meet our safety qualification standards. Specific safety clauses are included in the General Contracting Terms and individual contracts.

Those clauses and contracts and how we assess contractors and subcontractors' safety records were revised in 2023 and we widened the selection criteria for related tenders.

All service company employees receive specific information and training on basic safety rules, risks and consequences, the actions to take in the event of emergencies and personal protective equipment as a prerequisite to entering our facilities.

For further information, refer to 3.5.1 Procurement approach and positive supplier relations

To help make sure we act consistently with all our contractors, we have a single approval process for service company supervisors across our industrial facilities in Spain.

Asset integrity and critical incident

Our HSEQ Policy includes principles designed to safeguard our operations. We take a range of steps to keep our assets secure and manage potential incidents, including asset inspection and maintenance programmes, itemisation of critical security elements, risk assessments, information transfer protocols and the formulation of effective emergency plans.

All group sites have an emergency plan tailored for each place of work and the laws applicable in each country. Drills are performed to check the level of plan implementation and any applicable corrective measures are drawn.

We also participate actively in occupational and industrial safety taskforces in Spain and abroad, including IOGP (International Oil and Gas Producer Association), FEIQUE (Spanish chemical industry confederation), CONCAWE (European association of oil companies for health, safety and environmental matters in refining and distribution), COASHIQ (autonomous OHS commission for chemical and similar industries) and local industry associations.

Incident investigation

We have a procedure for investigating incidents which stipulates the investigation methodology and the process for generating the required reports and 'lessons learned', irrespective of the category, gravity, potential impact or location of the incident.

All safety incidents must be reported immediately. We determine the potential gravity of an incident based on our risk matrix and we inform the Management Committee of high potential and very impact incidents. The corresponding corrective actions are included in the investigation reports.

3.5 Sustainable supply chain

GRI: 2-6, 3-3, 204-1

MILESTONES 2023

Our Supplier ESG plan was voted the best sustainability initiative for 2023, garnering the Diamond Award from AERCE, the Spanish association of procurement professionals.

It was also certified under the ISO 20400 standard, denoting best practices in sustainable procurement.

We transformed the organisation and management of our procurement effort to align it with the decarbonisation strategy so as to create global sourcing solutions.

KEY INDICATORS	2023	2022
Total procurement spending (€ million)	1,423	1,173
Suppliers in the company's supply chain (no.)	3,394	3,288
Spending on local suppliers (%)	36.2 %	34.7 %

For further information, refer to Appendix 2.5 Suppliers

3.5.1

Procurement approach and positive supplier relations

Our approach to procurement is designed to strengthen relations between suppliers and our businesses. It includes automated processes to ensure traceability and transparency, helps to control risks and fosters free competition.

Our mixed approach standardises and coordinates both centralised and business-level purchasing[42], streamlines processes and maximises efficiency through planning and early supplier involvement in new projects.

Excellence in procurement management

We are certified under UNE 15896 Value added purchasing management, and the ISO 9001, 14001, 50001, EFQM and ISO 45001 standards.

In 2023, we were awarded ISO 20400 certification, which recognises our commitment to ensuring a responsible and sustainable supply chain.

In 2023, we aligned our approach to our Positive Motion strategy, thereby creating Global Sourcing Solutions based on three key lines of action:

- Being a liquid organisation, so we can mobilise resources for collaboration on new projects and obtain the right skills to make the energy transition.
- Readying the supply chain for adaptation to the growth and expansion of new businesses.
- Strengthening our commitment to ensuring a responsible and sustainable value chain.

A key commitment of our Sustainable Procurement Policy is to promote best practices through responsible and sustainable management. Our Supplier Code of Ethics and Conduct furthers our commitment to ethics and transmitting values to our suppliers. Our specific sustainability requirements are standardised in the General Contracting Terms and our contractual models and must be accepted by any third party that does business with Cepsa.

Therefore, all contracts include clauses on sustainability matters. In 2023, we reviewed and reinforced the sustainability requirements, as well as the specific health and safety requirements.

Lastly, we have a Supplier ESG Plan to encourage alignment by our suppliers, including Tier 2 suppliers, with our sustainability commitments and requirements and to help them on this front.

We follow a four-step supplier relationship management process:

1. Registration and approval
   - ESG questionnaire
   - Level of related risk
2. Risk segmentation and control
   - Supplier segmentation
   - Ongoing risk assessment
3. Performance evaluation
   - Evaluation of quality, execution and ESG performance of active suppliers
4. Audit
   - Compliance with internationally accepted ESG standards

[42] The procurement teams in the Chemicals and Exploration & Production businesses are decentralised, although the approach to procurement management and processes is the same.

Registration and approval

We ensure that suppliers commit to our requirements and that the level of related risk is acceptable. We only award contracts to approved suppliers; in other words 100% of our suppliers are systematically rated.

We have an ESG rating system based on a detailed questionnaire, which is available on the procurement platform. The scores are automatically transferred to the award sheets. Nearly 75% of our critical suppliers had a score in 2023, so we are closing in on our target of having 100% of those suppliers with a sustainability rating by 2025. During the year, we extended the supplier rating system to critical Tier 2 suppliers, who were also added to the assessment plan.

We prioritise awarding contracts to higher-rated suppliers and disclose their score to them, as well as their position relative to other sector peers through the MyAchilles platform. Lower-rated suppliers are invited to ESG development meetings to pinpoint opportunities for improvement, for which pertinent recommendations are given. We provide technical support and monitor implementation.

We also calculate added value by embedding sustainability into decision-making (Total Value of Ownership), promoting sustainable procurement.

Risk segmentation and control

We segment by risk level and type to identify critical suppliers. These comprise suppliers in 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.

We assess suppliers on an ongoing basis for operational, economic, ESG, human rights, health and safety, country, information security and counterparty (Know Your Counterparty or KYC) risks. We also assess them for risks related to our business, including those associated with services and products.

We performed 3,031 risk assessments on active suppliers in 2023. Additional compliance analysis was conducted on a further 373 suppliers, cross-checking against international lists in accordance with the KYC procedure. We also have a real-time risk-monitoring tool and alert system (RiskMethods), which considers sustainability and human rights issues and is integrated into the procurement area's platform. We did not uncover any supplier with high or very high risk.

Performance evaluation

We have an evaluation plan for active suppliers that factors in quality, execution and sustainability issues. We have also begun to assess Tier 2 supplier with access to our facilities. These evaluations are carried out through a variety of questionnaires filled out by end users of the good or service supplied.

Over the course of 2023, we conducted 2,244 evaluations of 807 suppliers, of which 771 were due to their criticality. Accordingly, 99% our critical suppliers have undergone at least one performance evaluation, which is in line with our target of screening at least 98% these suppliers, including an assessment of ESG issues.

ESG audits and performance enhancement

Lastly, we ensure that suppliers meet our requirements through on-site audits performed by Achilles, an independent firm. We follow a procedure for verifying compliance with international accepted sustainability standards that is standard in the sector. In addition, internal staff of Cepsa carry out on-site audits.

We carried out 97 on-site audits in 2023. We have audited a total of 216 active suppliers. Audit findings are valid for 24 months, during which we help them address any non-conformities. Action plans are drawn up and must be implemented, and evidence must be provided for 100% of audited suppliers. We proactively encourage, also with Achilles, resolution of non-conformities. The target is to close 85% of non-conformities arising during the previous two years. We closed 89% of non-conformities in 2023.

We round off this process with development meetings, following a specific procedure for the sustainability questionnaire. Each supplier was given a detailed report outlining pertinent recommendations and a related action plan. We held 26 development meetings with suppliers in 2023.

Continuous training of suppliers and procurement staff

We have a Supplier Campus, where we provide suppliers specific training on the priorities for more responsible and sustainable procurement of goods and services. In 2023, we added new topics to the training syllabus, such as water management, cybersecurity and health & safety. The number of supplier in skill-building programmes is 547. 35% of our critical suppliers participated in these programmes.

Procurement staff receive ongoing sustainability training via the Cepsa Campus. In parallel, buyers receive specific training at the Supplier Campus to ensure alignment in procurement management and to share best practices

We listen to our stakeholders and share best practices

At different procurement forums, we explain the company's strategy, our commitments and the roadmap for delivering our sustainability targets.

We included suppliers in our annual stakeholder listening sessions, to learn about their expectations and rank the topics that interest them most.

wePioneer programme

wePioneer

We held our fifth wePioneer supplier recognition programme in 2023. This initiative recognises our suppliers for their sustainability performance. The topic this time was carbon footprints.

3.5.2

Our supply chain

Our supply chain[43] comprises 3,394 suppliers, of which 1,790 are covered by our 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), 83% goes to services. The rest goes to a range of goods; e.g. 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 15% of our suppliers and over 89% of our annual spend. We gear all our initiatives towards these segments and tailor relationship models to the extent possible.
- Segments IV and V[44]: these are non-strategic suppliers, but we monitor them for all operational and sustainability risks through risk cards. Some high-risk segment IV suppliers are considered critical and managed separately.

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, in addition to making it easier to control country risk.

To that end, we identify and evaluate procurement contracts that can be managed locally and decide on specific initiatives with local suppliers.

In 2023, for locations around the world where we have significant operations[45], we sourced approximately 90.5% from domestic suppliers. Specifically, 36.2% of the total spend was purchased from suppliers based locally.

46.9% of the company's suppliers are Spanish and they account for 80% of total expenditure. Nearly 39.8% of contracts were arranged with suppliers near a Cepsa operation.

We only enter into contracts with non-domestic suppliers for goods, equipment or services that are highly specialised or rely on multinational technology.

[43] 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, not the amounts invoiced.

[44] We manage segment V suppliers, included in tail spend (purchases under €25,000), efficiently through automation and digitalisation.

[45] Locations with significant operations are the main sites where we have our industrial plants and Exploration & Production assets. For the purposes of this report, those locations are Spain, Portugal, Colombia, Peru, Brazil, China and Canada.

3.6 Ethical and respectful conduct

GRI: 2-23, 2-24, 2-26, 3-3, 205-1 / SASB: EM-EP-510a.2

MILESTONES 2023

Organisation of the company's eighth Ethics Day, at which we unveiled our new compliance movement.

Definition of ethical principles on the use of artificial intelligence.

New Integrity Channel to adapt to Spain's whistleblower protection act (Law 2/2023).

KEY INDICATORS	2023	2022
Breaches notified via the Integrity Channel (no.)	151	102
Requests for ethics and compliance-related advice (no.)	265	177
Internal audit projects with an anti-corruption/anti-fraud component (no.)	18	10

For further information, refer to Appendix 2.6 Ethics and human rights

3.6.1.

Ethics in our day-to-day operations

We foster a culture based on ethics, honesty and transparency and are committed to abiding by the law and complying with our policies, commitments and values, seeking to encourage all our people to do the right thing out of conviction. We encourage people to report any breach, ensuring confidentiality without any fear of retaliation, when made in good faith. We take a zero-tolerance stance towards non-compliance of any kind.

Our Code of Ethics and Conduct[46] and our compliance policies, all previously approved by the Board of Directors, guide how we conduct ourselves in the workplace. They embody applicable best practices and the values of our shareholders. Employee contracts include clauses specifying these commitments and employees receive mandatory training. Subsidiary endorsement of the Code is formally documented before their respective governing bodies.

We 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. 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.

During the year we set up an artificial intelligence (AI) taskforce to draw up a framework for the ethical and responsible use of this emerging technology.

For further information, refer to 2.3 Sustainability management

Organisation of the company's eighth Ethics Day

The event kicked off with a simulated case of harassment or inappropriate conduct to raise awareness about these potentially unacceptable situations. Then we unveiled the new compliance movement and presented the new Integrity Channel and the Compliance and Internal Control team. We also acknowledged employee commitment to exemplary conduct with our 2023 Compliance Awards. The closing remarks at the award ceremony were given by the chair of the Audit, Compliance, Ethics and Risk Committee, who is also one of the company's independent directors.

We have put in place internal control and compliance systems which articulate the compliance risk prevention and management mechanisms. These systems are audited and certified annually by the Assurance Department and, in certain cases, by an independent expert. In 2023, we also renewed the UNE 19601 and ISO 37001 certifications underpinning our corporate criminal risk and anti-bribery management systems.

For further information, refer to Appendix 4. Internal control system

Integrity Channel

We set up a new Integrity Channel in response to Spain's new whistleblower protection act (Law 2/2023). Any employee or third party can report inappropriate conduct or other breaches of the Code of Ethics and Conduct, prevailing legislation or our body of in-house rules and regulations. The channel is confidential and reports can be made anonymously via the web or by telephone 24/7 in Spanish, English, French, Portuguese and Chinese.

[46]The Code applies to Cepsa, the subsidiaries it effectively controls, their directors and employees and third parties with whom Cepsa has legal dealings that have committed to complying with the Code under the various formal documents that govern the relationship.

Target of zero cases of corruption and anti-competitive behaviour in the company

The channel falls under the responsibility of the Chief Compliance Officer and is managed entirely by the Ethics and Compliance Office which, in turn, reports to the Audit, Compliance, Ethics and Risk Committee.

The channel is publicised on our website and its existence is notified in the contracts that govern our business dealings. We provide our employees with related training.

Anti-fraud and anti-corruption effort

Our Bribery, Corruption and Conflicts of Interest Prevention Policy establishes our commitments in this area. The rules of conduct are set out in the Bribery, Corruption and Conflict of Interest Prevention Policy.

Our anti-bribery and criminal risk management systems are certified under ISO 37001 and UNE 19601, respectively. Each year we conduct corruption and bribery risk assessments and test the effectiveness of the control framework at our companies. To date, this exercise has not revealed any significant corruption risk at any of them. Moreover, our approach entails continuously monitoring our risk mitigation action plans and providing regular update reports to management on the measures taken.

Key measures against corruption, bribery and money laundering in 2023

- Awareness drives such as communication of the Integrity Channel statistics for 2022 and organisation of the company's eighth Ethics Day.
- Provision of online training on crime prevention, the Code of Ethics and Conduct, the Integrity Channel and international sanctions and trade controls. We also provided training to suppliers dealing with integrity in business.
- Assessment of the performance of the specific controls put in place to mitigate corruption risks.
- Update 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.

Antitrust and fair competition

Our Code of Ethics and Conduct sets down our commitment to fair competition. Our Policy for the Defence of Fair and Effective Competition in Markets, which we updated in 2023, is designed to prevent anti-competitive conduct, guaranteeing defence of fair competition. On this front, we devised a risk map, which is updated annually, implemented a series of controls, such as the Antitrust and Fair Competition Manual and the Home Inspections Handbook, and published action procedures for potentially sensitive situations. We also regularly provide related training.

3.6.2

Human Rights

Our Human Rights Policy, which is aligned with international standards and practices, articulates our commitment to human rights in all locations where we operate and oversight of this commitment by performing due diligence. It also governs the conduct required of our employees and of the third parties we engage with.

Committed to compliance with the most demanding 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

We require all our suppliers and contractors to respect human rights all along their supply chain. As in prior years, we did not identify any irregularities or human rights violations across our operations in 2023.

Impact assessment and due diligence

We considered human rights in the company's risk map[47] and have defined methodology, aligned with the UN Guiding Principles on Business and Human Rights, for assessing our human rights impacts to identify, prevent, mitigate and address any adverse consequences. This methodology includes an assessment of human rights impacts in our operations and in mergers & acquisitions, as well as due diligence in the supply chain and dealings with other counterparties. In 2023, we held a skill-building workshop on the methodology led by an expert international consultant.

The methodology in our operations entails a five-stage assessment of our key assets: a study of the local community, relations with the related stakeholders, impacts, management measures and monitoring and reporting measures. Our human rights assessment[48] of the supply chain takes into account country, product or service, industry, and level of compliance. In mergers & acquisitions and other relevant third-party dealings, the due diligence includes assessment of their country, shareholder structure, ultimate beneficial owner and board of directors against different international benchmarks, their reputational risks and their compliance systems.

Security and human rights

We have a Security Policy and specific rules governing the conduct of security staff, who must demonstrate high levels of technical and professional expertise, as well as proven human rights acumen. Those requirements extend to outsourced security.

We likewise follow the Voluntary Principles on Security and Human Rights guidelines to ensure safety across our operations.

To that end, our private security providers must be aware of and agree to abide by the Voluntary Principles on Security and Human Rights. To ensure this, we provide the related training. We design the content and communicate it to achieve an appropriate level of awareness. We make sure that all staff are included and investigate any potential abnormalities detected.

[47] Our risk map is reviewed, updated and reported to the Management Committee and the Audit, Compliance, Ethics and Risk Committee each quarter.
[48] Our assessments consider issues such as compulsory labour, child labour, human trafficking, freedom of association and collective bargaining, equal pay or discrimination, and cover different groups, e.g. women, children, indigenous peoples, migrant workers, contractors or local communities.

3.7 Fiscal transparency and responsibility

GRI: 207-1, 207-2, 207-3, 3-3

The tax contributions we make everywhere we do business help maintain public employment and ensure basic services that benefit citizens, families and society at large. We are committed to complying with the letter and spirit of prevailing tax legislation as it applies to our business across our various markets, paying the taxes and providing the information required of us.

To that end, our Board-approved Corporate Tax Policy sets down our tax strategy and our 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

The 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 ensuring and checking 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 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).

For further information, refer to Appendix 4. Internal control system

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 the Management Committee or Board of Directors.

In addition, we have a tool for facilitating tax management and reinforcing compliance with our tax obligations.

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.

We have also drawn up a specific map of tax risks which is validated by the company's Risk Committee. 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.
- Prior 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 for each group company and for the consolidated financial statements. Lastly, the tax situation is reviewed by the authorities in the various jurisdictions where the group does business by both their tax management and inspection teams.

Good tax practices, collaboration with the tax authorities and transparency

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 seek 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, facilitating collaboration and understanding and leaving the door open to friendly agreements with the various tax authorities.

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 busines..

Transparency is an essential part of our conduct and is key to ensuring that our various stakeholders understand our tax policy and the specific outcomes it leads to. To that end we publish all the tax-related information required under applicable regulations and the voluntary agreements we have endorsed.

We also publish a country-by-country tax report disclosing the taxes accrued and paid in each market, along with other relevant information.

Refer to the country-by-country tax report here

Tax contribution

Cepsa paid a total of €662 million of corporate income tax in 2023, broken down by country as shown below.

Corporate tax paid country by country (€ million)[49]

	2023	2022
Spain	161	150
Algeria [50]	140	244
Belgium	1	—
Brazil	35	9
Canada	6	16
Colombia	42	24
United Arab Emirates	252	939
Italy	5	2
Morocco	—	1
Netherlands	—	1
Peru	7	13
Portugal	7	15
UK	3	4
Singapore	3	1
Total	**662**	**1,419**

The income tax figure for Spain exceptionally includes two reimbursements for surplus tax paid in 2021 (€69 million) and 2022 (€107 million). It also includes the temporary energy levy paid in 2023 in the amount of €323 million.

The figures for the United Arab Emirates only include payments to March 2023 on account of the sale of that business.

In addition to corporate income tax, we pay other taxes, most notably excise duty. We are also tasked with collecting certain other taxes which we immediately pass on to the competent tax authorities.

In 2023, Cepsa paid €3,071 million of tax, including income tax, and collected a further €2,457 million.

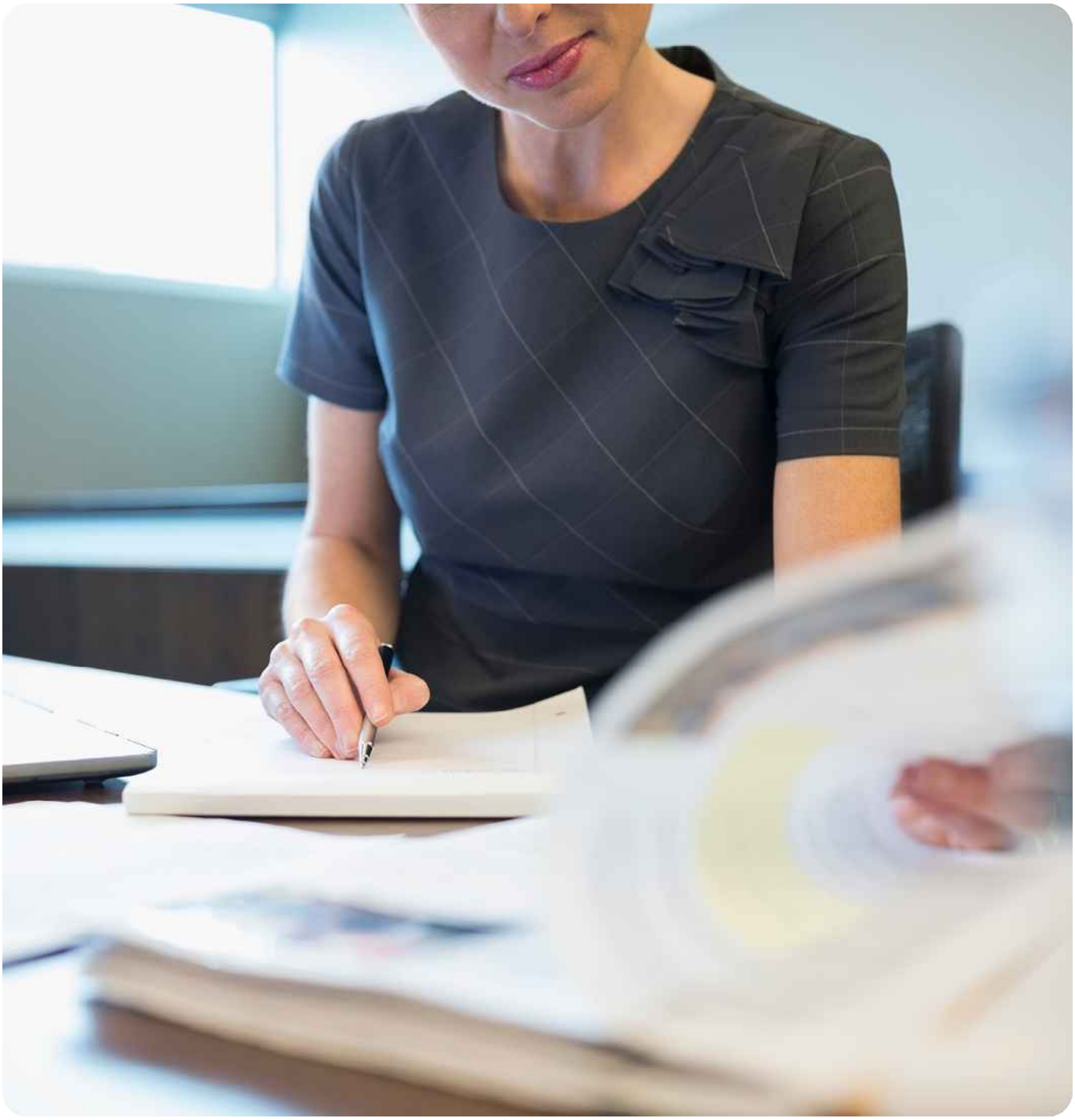
Code of Good Tax Practices and Transparency Report

We have endorsed Spain's Code of Good Tax Practices and submit an Annual Tax Transparency Report to the tax authorities

[49] The exchange rate used to translate taxes paid in currencies other than the euro was the average monthly rate.mensual".
[50] Includes the tax rates applicable to earnings from the production of oil and gas, which are higher than the general rates.

Tax borne and collected in 2023 (€ million)

Tax borne	Corporate income tax	662
	Excise duty	2,152
	Other	257
	Total	**3,071**
Tax collected	VAT	1,851
	Excise duty	438
	Other	168
	Total	**2,457**



3.8

Giving back to local communities

GRI: 3-3, 203-2, 411-1, 413-1, 413-2 / SASB: EM-EP-210a.3, EM-EP-210b.1, RT CH-210a.1,

MILESTONES 2023

Completion of stage one of the rural road upgrade plan in Peru known as Summer Plan II, with work on 14 km of the planned 18 km finished in 2023.

Publication of the first state report on how society perceives the ecological transition in Spain by the Just Transition Observatory, spearheaded by the Cepsa Foundation (Spain).

KEY INDICATORS	2023	2022
Total social contribution (€ m)	4.7	4.5
Voluntary social contribution (Cepsa Foundation)		
Contribution (€ m)	4.3	4.2
Voluntary contribution over the total (%)	92 %	95 %
Direct beneficiaries (no.)	120,734	121,744
Indirect beneficiaries (no.)	361,934	364,961
Collaborating entities (no.)	144	154
Initiatives supported (no.)	164	171
Corporate volunteering initiatives (no.)	26	24
Participants in voluntary initiatives (no.)	722	427
Community work at the operational level		
Contribution (€ m)	0.4	0.2
Direct beneficiaries (no.)	35,983	49,650
Indirect beneficiaries (no.)	95,323	249,969
Collaborating entities (no.)	55	76
Initiatives supported (no.)	42	39

For further information, refer to Appendix 2.7 Stakeholders

3.8.1

Local community relations

Under our Sustainability policy, we have pledged to create long-term value for the company and society, promoting a sustainable business model that contributes to local social and economic development.

We respect all cultures and communicate actively with the local communities living close to our facilities in order to identify and address their concerns. We strive to support the local communities and social organisations and invest in community initiatives in an effort to respond to society's needs and priorities.

Regularly, we assess the risks, opportunities and impacts of our activities on local communities, both when applying for environmental permits (when we conduct environmental and social impact assessments) and during the social risk analyses conducted in the course of operations, as well as during investment and project execution processes. We formulate local community engagement programmes which include preventive, corrective and compensation measures, while also seeking to generate opportunities and positive impacts.

Our Society Relations Manual lays down the guidelines for engaging with our local communities. Our Exploration and Production business has its own specific Community Management Plan for the management of assets in Latin America. That plan is articulated around four lines of initiative: environment reconnaissance; stakeholder engagement; risk and impact management; and due diligence. It is implemented by means of operating procedures[51], such as the Local and regional employment generation procedure, addressing training, skills development and access to technology, and the Local and regional sourcing of goods and services procedure, designed to invigorate local commerce.

Local community communication and outreach

We engage in two-way dialogue with our local communities, providing them with accurate information about our activities and addressing their concerns in a timely manner.

The community outreach activities undertaken at our main industrial facilities focus on steady institutional dialogue with the authorities and government, as well as with the neighbouring residents. We use a number of different tools to do this, including community liaison committees, open day events and seminars.

[51] Early entry into the area of influence; Stakeholder engagement; Prior community consultation; Local and regional job creation; Local and regional sourcing of goods and services; Community investment; and Management of requests, grievances and enquiries.

In our Exploration & Production business, under the scope of our Community Management Plan, we have implemented community engagement programmes at 100% of our operated assets with local communities in their areas of influence, which applies to our operations Colombia and Peru. We have specialist teams with the skills needed to communicate and address concerns, questions and suggestions about our projects. These teams proactively organise initiatives targeted at specific stakeholders[52] with the aim of boosting their knowledge and participation in operating matters, community investment initiatives, job opportunities and public-private social development alliances.

Claims and grievance management is regulated in the Society Relations Manual. The channels used include the Integrity Chanel, phone lines, email, postal service, briefing sessions and committee meetings, which we complement with traditional and social media monitoring. In addition, in the Exploration and Production business we have a specific grievance management procedure so we can monitor the development and resolution of claims and complaints (those in progress, those closed and how long they are taking to resolve).

Public-private partnership to upgrade local roads in Peru

In 2022 we finished Summer Plan I, upgrading 12 km of local roads, and in 2023, we completed phase one of Summer Plan II, upgrading 14 km of local roads near the town of Pueblo de Macuya, which lies in the area of influence of the Los Ángeles field in Peru.

This initiative is a public-private partnership in collaboration with the Ministry of Energy and Mining, the Peruvian army and local town councils, as well as Cepsa. It directly benefits more than 1,000 families whose livelihoods are farming and fishing and who need to use the roads in order to sell their fresh products any time of the year.

Indigenous communities

We specifically acknowledge and respect the rights of indigenous communities in our Sustainability policy and our Human rights policy, in line with the 10 United Nations Global Compact Principles, United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention no. 169 on Indigenous and Tribal Peoples.

We do not carry out operations on indigenous people's land and, therefore, there are no indigenous communities within the direct areas of influence of any of our assets. We have a close relationship with the Wacoyo indigenous community whose reservation borders the outer edge of block at the Caracara field in Colombia. In partnership with this community and under the scope of our Community Management Plan, we conduct voluntary social investment initiatives designed to foster their economic and social development.

At that same block we are participating in an initiative being spearheaded by the local government in Puerto Gaitán, which aims to pursue coordinated community projects involving the state, indigenous communities and private companies.

As a precaution, we also have a specific prior consultation procedure which encourages early entry into the sites of ethnic communities and effective and formal participation so as to safeguard ethnic and cultural integrity. Since none of our operations are located on the sites of indigenous communities, we have not yet had to activate this procedure and no resettlements have been necessary.

Community work at the operational level

Our community work at the operational level, which is centred in our Exploration and Production business, is driven by legal and business permit requirements and is articulated around operational transparency, doing business harmoniously and respectfully with the communities in our areas of direct influence and furthering their development, making room for the diversity that exists from one operation to another.

This work, which is concentrated in Colombia an.d Peru, focuses primarily on local social and economic development, health, culture, tourism, education and environmental protection.

These initiatives are all assessed by the competent authorities who check the suitability, effectiveness and results of the measures taken. Lastly, we undertake ad-hoc social impact assessments to measure the effects of our community engagement endeavours so we can continually fine-tune our programmes to ensure they continue to have a positive impact.

[52] Local communities, neighbours, local and regional authorities, contractors, local business owners, landowners and traditional leaders and, if applicable, farming and indigenous communities.

3.8.2

Cepsa Foundation

The Cepsa Foundation's mission is to have a positive impact on society by promoting a just green transition, leveraging three lines of action:

Social support: by collaborating with social and public entities we strive to make people's lives better, paying special attention to the most vulnerable; drive energy efficiency via corporate volunteering initiatives designed to tackle energy poverty, and grant our Social Value Awards to the best energy transition projects.

Positive environmental impact: lending support for the recovery and conservation of high nature value spaces, prioritising the regeneration of wetlands, and driving citizen awareness campaigns to foster more environmentally-friendly conduct.

Scientific learning: championing research and innovation in areas such as Industry 4.0, the energy transition, the circular economy and energy efficiency and encouraging teenagers and youths, especially students, to pursue careers in the sciences.

For further information about our positive environmental impact, refer to 3.2.3 Fostering biodiversity

Over the past few years we have oriented these three lines of action around the just green transition thrust. In 2022 we backed the Just Transition Observatory with the aim of actively listening to how Spanish society perceives the green transition for analytical purposes and, together with experts and other agents, detect opportunities and mitigate risks. In 2023 the Observatory published the first state report whose title translates as: How Spanish society perceives the ecological transition, 2022-2023.

Last year the Cepsa Foundation also redefined its strategy for giving back to society and caring for our surroundings by focusing it from this year on three lines of initiative: people (our commitment to society's wellbeing); biodiversity (our contribution to repairing the planet); and social innovation (our role as an engine for green transformation).

In order to measure the impact generated by the Cepsa Foundation we have designed special methodology for monitoring that impact, segmented by area of intervention.

Most of our projects are carried out in collaboration with stakeholders such as social entities and public authorities, playing the role of backer, financier or partner. Execution of the projects themselves is undertaken by expert entities on the ground.

One example of how we collaborate are our Social Value Awards, created in 2005. These awards are organised and granted by the Cepsa Foundation and are targeted at non-profits located in the areas of influence of our operations. Local juries and the public authorities ultimately decide which projects receive the awards.

Training and local employment

The Cepsa Foundation carries out a range of initiatives in support of local employment and training, which are led by our social support and scientific learning efforts.

In Spain we award vocational training scholarships to vulnerable youths under the age of 30. We collaborate with universities through six Cepsa Foundation Chairs in science departments related with energy and we support research and student and faculty recognition initiatives. We also work with the local authorities to help with job programmes, for example, the programme for young job-seekers run by the town council of Palos de la Frontera (Huelva), and we do volunteering with people looking for work. We work with a range of initiatives such as the Wetlands Seminar and the Energy Campus.

In Colombia and Peru we are involved in farming and fishing training initiatives for the local communities aimed at contributing to economic development and income diversification. Also in Colombia we provide skills and community leadership training to children and youths. And in Peru we help local producers analyse their situations to help them approach and penetrate the production chains.

The Cepsa Foundation additionally contributes to local education and employment in Spain, Portugal and Colombia via the Social Value Awards.

04 Financial and business performance

4.1
Business environment

4.1.1

Global macroeconomic environment

The economic climate in 2023 and the outlook for the years ahead are marked by unusual circumstances that are worth flagging.

Firstly, the accumulation of unfortunate events over such a short period of time. Since the start of this decade, the global economy has undergone a succession of disruptions that are having long-lasting effects. To start with, the onset of the pandemic in 2020, which temporarily paralysed the global economy, prompting unprecedented contractions in international trade, output and employment. Then, after a swift recovery in 2021, proving that the economy's resilience and coordinated government response were capable of restoring equilibrium, a war broke out in Eastern Europe, shaking the foundations of the European Union's economy, as the sanctions imposed on Russia triggered a shortage of energy commodities in the eurozone and tremendous global price volatility, affecting natural gas prices in particular. The resulting sharp inflation, to levels not seen in decades, next forced the advanced economies' central banks to intervene. Their measures, mainly interest rate increases and the gradual withdrawal of the support measures introduced in the wake of the pandemic, caused a significant slowdown in economic growth. Lastly, just when the anti-inflation measures appeared to be having success, a new conflict broke out in the Middle East, with implications for key shipping routes through the Red Sea, once again knocking the economy off kilter.

On the other hand, the global economy's reaction has been less dramatic than in prior episodes of crisis, displaying considerable resilience in the face of all these shocks. Nevertheless, the global economy grew by an estimated 2.6% in 2023, below the growth of 2022 and far from average for the last three decades (which had their share of crises); the forecast is for even lower global GDP growth in 2024. However, in contrast to other crises, and despite the harshness of the monetary measures in place to curb inflation, the economy continues to grow, the labour market is holding up well in terms of unemployment and for now we have not seen a financial crisis capable of felling systemically important banks or companies, as we saw in 2008.

Growth in 2023 was uneven from one region to another. While the advanced economies fell short of the mark (growing at an estimated 1.5%, with the European Union well below that threshold), the developing and emerging economies reported average growth of 4%, with Asia-Pacific and South Asia topping 5%.

The World Bank's forecasts for the global economy point to slower growth in most economies - advanced and developing - in 2024 and 2025 than in the decade that ended with the pandemic. Global growth is therefore expected to slow for the third year in a row, to 2.4%, in 2024, going to recover to 2.7% on 2025.

While in 2019 the economy appeared to be on the cusp of a decade of transformation, ready to eliminate extreme poverty, eradicate malaria and other contagious diseases and halve greenhouse gas emissions, the events of the first few years of this decade have largely laid those plans to waste.

The effects of the failure to curb emissions are clearly making themselves felt. The global average ground temperature is already around 1.2°C above pre-industrial levels, which is causing heatwaves and other extreme meteorological events. The winter of 2023/24 is the warmest on record and greenhouse gas emissions have yet to peak.

In this complex environment, the emergence of a new clean energy economy, led by photovoltaic solar power and electric vehicles (EVs), represents the silver lining and way forward. Investment in clean energies has jumped by 40% since 2020. The world added an estimated +500 GW of renewable energy capacity in 2023, a new record. More than €1 billion is being spent each day to deploy solar power.

Turning to Spain, the economy grew at an estimated 2% in 2023. The Bank of Spain recently cut its GDP forecasts for 2024 (1.6%) and 2025 (1.9%) due to the slowdown in global activity, especially in China and the eurozone.

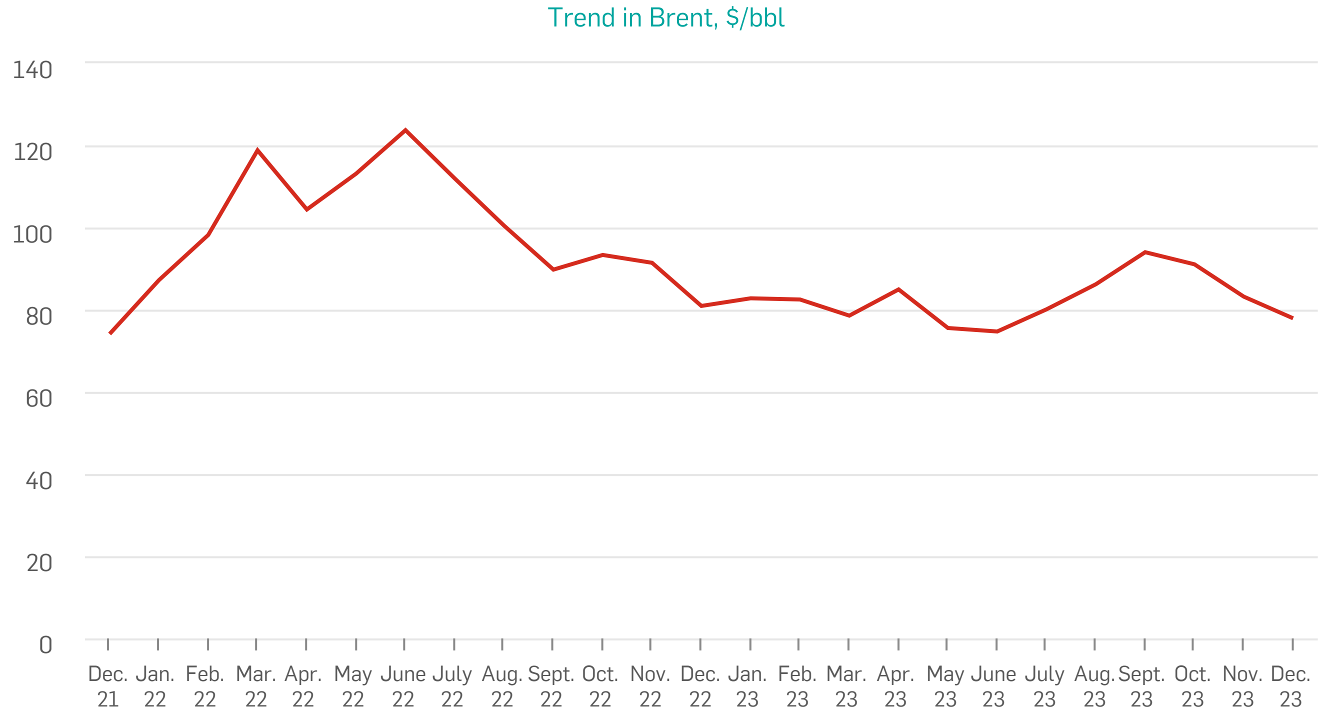
On the price front, headline inflation, which averaged 8.3% in 2022, eased to 3.1% in 2023 and is expected to come down further over the projection horizon to average rates of 3.3% in 2024, 2% in 2025 and 1.9% in 2026.

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:



According to the International Energy Agency, although some of the most immediate sources of pressure derived from the global energy crisis have eased, the energy markets, geopolitics and global economy remain unstable and the risk of major disturbances is ever-present. Although fossil fuel prices have fallen back from their highs of 2022, the markets remain tight and volatile. More than one year on from the onset of conflict between Russia and Ukraine, there is now also a risk of a prolonged conflict in the Middle East. The macroeconomic panorama is pessimistic, marked by persistent inflation, higher borrowing costs and high debt levels.

In early 2023 crude oil prices were volatile, marked by the cap of $60/b imposed on Russian oil by the G7. In April, OPEC+ decided to cut production by 1.16 million barrels a day. That decision did not stop the downtrend in Brent prices, prompting Saudi Arabia and Russia to announce additional cuts of 1.3 million barrels a day mid-year. With that second round of cuts, OPEC+ managed to push prices higher: crude increased by 27% between July and September, when prices reached $97/b.

Significant uncertainty around the global economy coupled with the conflict in the Middle East ended up dissipating the effects of the cuts and crude headed back to near the $80 mark. In November, OPEC+ announced further cuts for 2024. However, the market questioned the group's ability to implement them and the gradual effect of monetary tightening on the state of the economy drove crude to its lows for the year. Towards the end of 2023, crude prices increased slightly, mainly due to the freight shipping issues in the Red Sea.

The International Energy Agency is forecasting growth in global oil supply of 1.5 mb/d to a new high of 103.5 mb/d, boosted by record production in the US, Brazil, Guyana and Canada. In contrast, OPEC+ output is expected to remain virtually flat compared to 2023, the assumption being that the voluntary additional cuts that recently came into play will gradually be eliminated in the second quarter of 2024.

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-28, organised in Dubai at the end of 2023, energy transition has been climbing agendas worldwide, in line with growing social and political awareness. COP-28 took matters a step further by advocating for the abandonment of fossil fuels in energy systems in a “fair, orderly and equitable manner”. It also envisages accelerating action in this decade so as to achieve net zero by 2050, a milestone the scientific community currently sees as imperative. 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 the need to comply with sustainability criteria.

We continue to work to foster and facilitate the energy transition inside and outside of the organisation. To that end, Cepsa and C2X, owned by the Danish giants A.P. Moller Holding and A.P. Moller-Maersk, announced plans to jointly develop what will be Europe’s largest green methanol plant in Huelva, and one of the five-largest green methanol plants in the world. Requiring an investment of up to €1 billion, it will have annual production capacity of an estimated 300,000 tonnes of green methanol. The plant will be fuelled in plant by the hydrogen produced in Andalusia Green Hydrogen Valley.

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. Moreover, the announcement, albeit with successive delays, of the addition of new refining capacity around the world, is threatening margins in the near term.

In 2023, however, refining margins were at historically high levels all year long. The economic recovery across the West sparked very strong demand at a time of very low medium distillate inventory levels in Europe much lower energy costs compared to recent years, driving margins higher.

In the first quarter of 2023, Brent prices traded at around $80/b. Energy prices went on to correct significantly. For example, TTF (the natural gas benchmark in Europe) prices started the year at €65/MWh and ended the first quarter at €44/MWh. The correction in natural gas prices trickled through to electricity prices, improving energy costs and propping up healthy refining margins, which were further helped by low inventories of light and middle distillates worldwide, contributing to wider jet, gasoil and petrol crack spreads.

Margins began to trend lower in the second quarter by comparison with the first quarter, mainly due to a drop in crack spreads in middle distillates on the back of higher global production, particularly in India and China, and also as a result of higher inventory levels in Europe. Brent held up at around $80/b while energy costs continued to trend lower as natural gas inventories recovered in Europe, with TTF prices hitting a low of around €35/MWh. The interest rate increases did nothing to help refining margins by scaring off some spending and affecting the main macroeconomic indicators.

The third quarter of the year was marked by the onset of the conflict between Israel and Palestine in October, affecting shipping flows through the Suez Canal and driving growth in Brent and other leading product benchmark prices. Crude rose to $87/b, shaped mainly by intensification of the war in November and December and its extension to third countries.

These tensions drove refining margins higher to levels at which they consolidated in the fourth quarter, helping deliver a year of historically high refining margins. Brent ended the year at around $84/b and middle distillate inventories remained somewhat tight in Europe.

That momentum has carried over to the start of 2024, when refining margins remain high. However, they are expected to be affected in the second half of the year by the addition of significant new capacity, especially in Asia and Africa.

Exchange rates

The exchange rate started the year at $/€1.066, with the euro going on to trade within a range of $/€1.06-1.10 for most of 2023, above the average recorded in 2022 of $/€1.05.

In July, it traded briefly well outside that range when the ECB looked more inclined to continue to raise interest rates to combat inflation than the Federal Reserve, sparking a spate of euro appreciation. The exchange rate peaked at 1.128 in August.

At that point the market outlook shifted as the prospect of better remuneration in euros was offset by the relatively stronger economic momentum being observed in the US, where growth was stronger in 2023 than in 2022, while growth in the European Union slowed to barely above zero. Between September and October the European currency traded at its lowest level for the year, marking a low of $/€1.052.

Towards the end of the year the exchange rate returned to its stable range, gradually appreciating to end the year at $/€1.105.

Trend in exchange rate, $/€

4.2
Key financial and business indicators

Earnings (€ million)

	2023	2022
Revenue[53]	25,159	33,446
EBITDA IFRS[54]	630	3,262
Clean CCS EBITDA	1,402	2,939
Net income IFRS	(233)	1,100
Clean CCS Net income	278	790

Financial data (€ million)

	2023	2022
Share capital	268	268
Equity attributable to equity holders of the parent	3,526	4,706
Net debt excluding impact of IFRS 16	2,291	2,756
Capital employed - IFRS	6,568	8,324
Cash flow from operating activities	1,126	1,549
Free cash flow	1,614	901
Capital expenditure	732	743
Sustainability	*289*	*185*
Growth	*128*	*327*
Maintenance	*315*	*231*

Business environment indicators

	2023	2022
Average annual Brent price ($/bbl)	82.6	101.2
Average annual $/€ exchange rate	1.08	1.05
Spanish pool price (€/MWh)	87.1	167.5
Dutch TTF Natural Gas price (€/MWh)	40.7	120.5

Business and operating indicators

	2023	2022
Working interest crude production (thousand bbl/d)	42.1	82.8
Net entitlement Crude Oil prod. (thousand bbl/d)	31.4	69.6
Realized oil price ($/bbl)	80.7	97.7
Crude oil Sales (million bbl)	8.3	22.3
Crude oil distilled (million bbl)	146.3	151.1
Refining output (million tonnes)	20.3	20.7
Refining utilisation (%)	90 %	92 %
Refining margin ($/bbl)	10	9.6
Commercial product sales (million tonnes)	17.0	17.7
Chemical products sales (million tonnes)	2.1	2.5
Electricity production (GWh)	2,385	2,896
Natural Gas Sales (GWh)	27,520	25,468

[53] Includes excise duty on hydrocarbons passed through on sales.
[54] International Financial Reporting Standards.

4.3
Consolidated earnings analysis

Overall performance

Key performance indicators (€ million)

	2023	2022
Revenue[55]	25,159	33,446
Clean CCS EBITDA	1,402	2,939
EBITDA - IFRS[56]	630	3,262
Clean CCS Net income	278	790
Net income IFRS	(233)	1,100
Cash flow from operating activities	1,126	1,549
Free cash flow	1,614	901
Capital expenditure	732	743

Cepsa reported €1,402 million of EBITDA in 2023, underpinned by a solid performance across all business segments in the wake of the strategic repositioning achieved by the sale of the company's assets in Abu Dhabi. The optimisation initiatives driven by management continued to enhance earnings across all functional and business areas.

Clean CCS Net income amounted to €278 million, whereas IFRS net profit was significantly affected by movements in the measurement of inventories and expenditure of €323 million on the extraordinary tax levied on energy companies in Spain.

Cash flow from operating activities after working capital movements amounted to €1,126 million, down 27% from 2022, due to lower earnings, affected by the extraordinary tax payments.

In 2023, Cepsa streamlined its investments, actively managing its capital expenditure to ensure ongoing robust cash generation, while continuing to bolster sustainability-related investments.

Capital expenditure amounted to €732 million last year, in line with the 2022 figure (€743 million). Sustainability investments increased by 56% from 2022, reflecting progress on execution of the Positive Motion strategy. In 2023, the company reallocated capital towards energy transition investments. Specifically, it began construction of Europe's second-largest 2G biofuels plant and announced plans to build the largest green methanol plant in Europe, among other noteworthy investments.

Growth capital expenditure declined by 43% from 2022. Maintenance, health & safety and environmental investments increased from €231 million in 2022 to €317 million in 2023, driven by efficiency projects at the Energy Parks and programmed repair work throughout the year.

The breakdown of Clean CCS EBITDA and net profit by segment is provided below:

Clean CCS EBITDA (€ million)

	2023	2022
Exploration & Production	493	1,868
Energy	830	828
Chemical	223	382
Corporation	(144)	(139)
Clean CCS EBITDA	**1,402**	**2,939**

[55] Includes excise duty on hydrocarbons passed through on sales.
[56] International Financial Reporting Standards.

Capital expenditure (€ million)

	2023	2022
Energy	**554**	**365**
Sustainability	*201*	*111*
Growth	*69*	*49*
Maintenance	*284*	*205*
Chemicals	**78**	**169**
Sustainability	*78*	*68*
Growth	*—*	*101*
Exploration & Production	**58**	**183**
Growth	*49*	*171*
Maintenance	*9*	*12*
Corporation	**42**	**26**
Sustainability	*10*	*5*
Growth	*10*	*6*
Maintenance	*22*	*14*
Total	**732**	**743**

Replacement cost adjustments and non-recurring items

Clean CCS EBITDA (million euros)

	2023	2022
Clean CCS EBITDA	**1,402**	**2,939**
CCS adjustment (replacement cost valuation)	*(379)*	*480*
Other non-recurring items	*(393)*	*(158)*
EBITDA - IFRS	**630**	**3,262**

The 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 the operating segments-in the value of inventory sold, as well as the IFRS valuation adjustment applied during the year to the book value to adjust it to the year-end market value.

The Replacement cost method facilitates analysis of the business segments' performance and comparisons between reporting periods. Under this method, the cost of sales is determined by reference to the average market price in the current month rather than the historical value derived from the accounting valuation method. Consequently, the replacement cost adjustment is determined as the difference between these two methods.

The transactions classified within "other non-recurring items" are itemised in note 6.3 of the consolidated financial statements for 2023. In 2023, they mainly included the extraordinary expense associated with the temporary energy tax calculated over 2022 sales and paid in 2023 in the amount of €323 million. In the case of investees accounted for using the equity method, the adjustments are similar, i.e., the replacement cost adjustment and asset impairment losses deducted from these investees' earnings.

Earnings by segment

Energy

Key performance indicators

	2023	2022
Crude oil distilled (million bbl)	146.3	151.1
Refining utilisation (%)	90 %	92 %
Refining output (million tonnes)	20.3	20.7
Refining margin ($/bbl)	10.0	9.6
Natural Gas Sales (GWh)	27,520	25,468
Electricity production (GWh)	2,385	2,896
Spanish pool price (€/MWh)	87.1	167.5
Dutch TTF Natural gas price (€/MWh)	40.7	120.5
Product sales (million tonnes)	17	17.7
Motor and heating fuel (millions of tonnes)	*8.9*	*9.6*
Bunker fuel (millions tonnes)	*3.7*	*3.9*
Aviation fuel (millions tonnes)	*2.7*	*2.5*
Other (millions tonnes)	*1.7*	*1.7*
No. of service stations	1,790	1,760
Clean CCS EBITDA (million euros)	830	828
Capital expenditure (million euros)	554	365
Growth	*69*	*49*
Maintenance	*284*	*205*
Sustainability	*201*	*111*

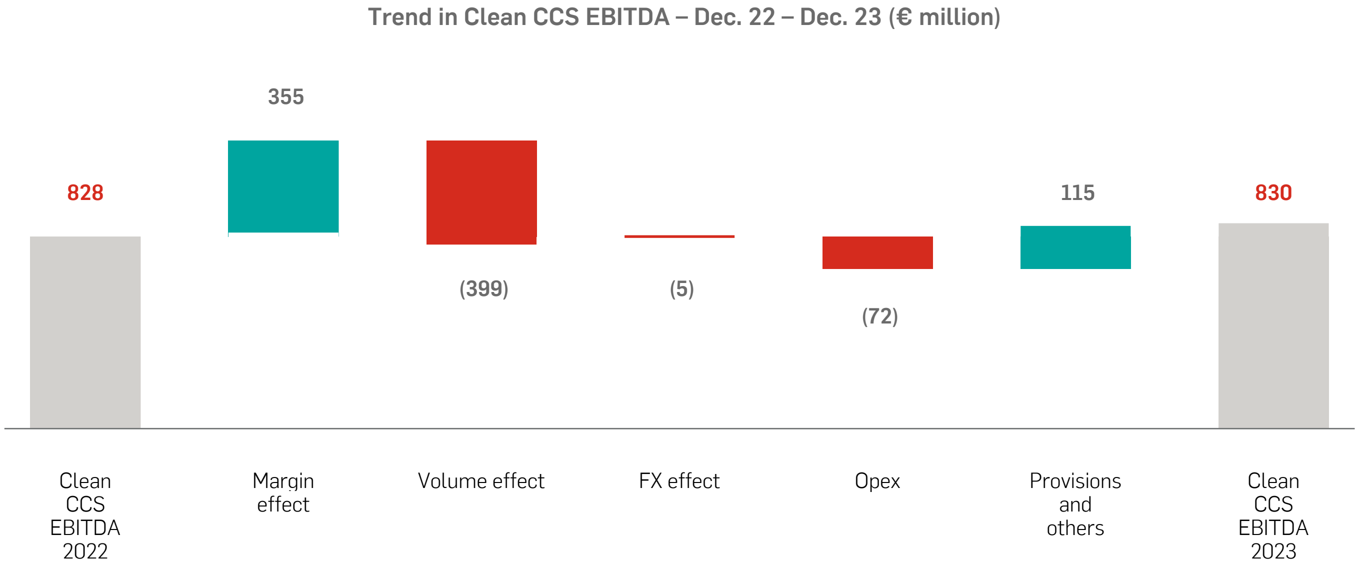
Operations

In 2023, refining margins averaged to $10.0/bbl, up 4% from 2022 ($9.6/bbl), shaped by lower volatility in the crude oil markets in 2023. Refining margins increased in the earlier stages of the year to close to record levels before embarking on a downward trend due to the drop in petrol and fuel-oil crack spreads.

Average refining utilisation at Cepsa's Energy Parks was flat by comparison with 2022, at 90 % in 2023, compared to 92 % in 2022. That stability was affected slightly by several maintenance stoppages programmed during the year, coupled with a final scheduled maintenance stoppage in Huelva towards the end of the year.

Product sales declined slightly (-4%) from 2022, due to oil price instability, as well as the fact that sales volumes in 2022 were boosted by discounts introduced from April on. Inflation also affected the B2B and B2C segments in 2023.

Earnings



Clean CCS EBITDA in the Energy segment amounted to €830 million in 2023, with all business lines contributing to that performance. The Energy Parks made a considerable contribution to earnings in this segment, due mainly to solid refining margins all year long. The Mobility & New Commerce segment also boosted earnings in Energy, performing much better in 2023 due to the extraordinary discounts extended to all customers in 2022.

Capital expenditure in Energy increased sharply, primarily on the back of sustainability investments. In 2023, capital expenditure in this business totalled €554 million, compared to €365 million in 2022, growth of 52%. Sustainability investments were 80% higher than in 2022. Those investments were earmarked primarily to investments in engineering projects in the Energy Parks and Commercial & Clean Energies businesses, biofuel production, hydrogen development, renewable energy projects and electric vehicle charging infrastructure.

Growth and maintenance capital expenditure also increased in 2023, driven mainly by digitalisation efforts, repair and maintenance work, asset replacements and service station remodelling.

Chemicals

Key performance indicators

	2023	2022
Chemical product sales (thousand tonnes)	2.12	2.49
LAB / LABSA	*0.61*	*0.66*
Phenol / Acetone	*1.08*	*1.31*
Solvents	*0.43*	*0.52*
Clean CCS EBITDA (€ million)	223	382
Capital expenditure (€ million)	78	169
Growth	*0*	*101*
Sustainability	*78*	*68*

Operations

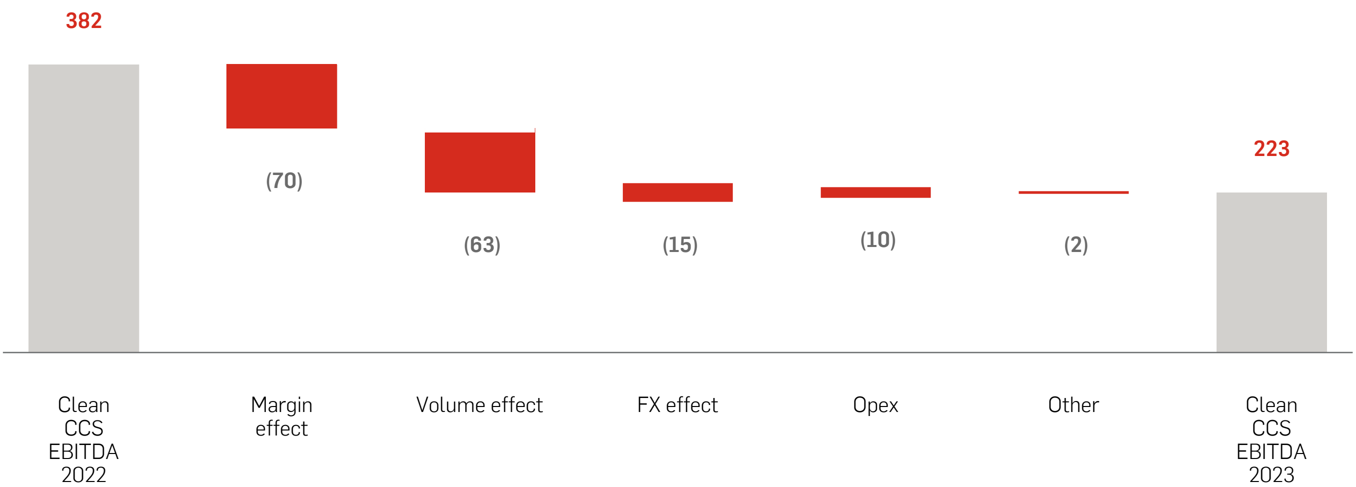
Cepsa's Chemicals business proved resilient in the face of lower overall volumes due to a slump in demand, economic uncertainties, inflationary pressures and high interest rates, thanks to the drop in energy costs, which effectively offset the loss of volumes.

Volumes were lower in the surfactants segment as a result of destocking and lower demand. To offset the loss of volumes, Cepsa sought out new opportunities in India and the Middle East.

In the intermediate products segment, phenol volumes fell considerably from 2022 due to a slump in demand in Europe, which forced customers to slow or even pause their operations. However, that situation began to gradually reverse course from mid-2023. In solvents, volumes decreased by 17% due mainly to more intense price competition in Europe and closure of the phthalic acid plant in Energy Parks.

Earnings

Trend in Clean CCS EBITDA evolution – Dec. 22 – Dec. 23 (€ million)



Clean CCS EBITDA amounted to €223 million in Chemicals in 2023, down from €382 million in 2022, as a result of the drop in sales volumes and difficult trading conditions.

Capital expenditure in the Chemicals segment increased by 15% in 2023 due to acceleration of certain key projects such as the decarbonisation plan, redesign of the Puente Mayorga factory and recovery of the industrial paint unit in Detén. Cepsa also invested in remodelling the Shanghai factory, several green project studies and product diversification initiatives in 2023.

Exploration & Production

Key performance indicators

	2023	2022
Working interest crude production (thousand bbl/d)	42.1	82.8
MENA	*35.8*	*75.71*
LatAm	*6.3*	*7.09*
Net entitlement crude production (thousand bbl/d)	31.4	69.6
Crude oil sales (million bbl)	8.3	22.3
Average achieved crude price ($/bbl)	80.7	97.7
Average crude price ($/bbl)	82.6	101.2
Clean CCS EBITDA (€ million)	493	1,868
Capital expenditure (€ million)	58	183
Growth	*49*	*171*
Maintenance	*9*	*12*

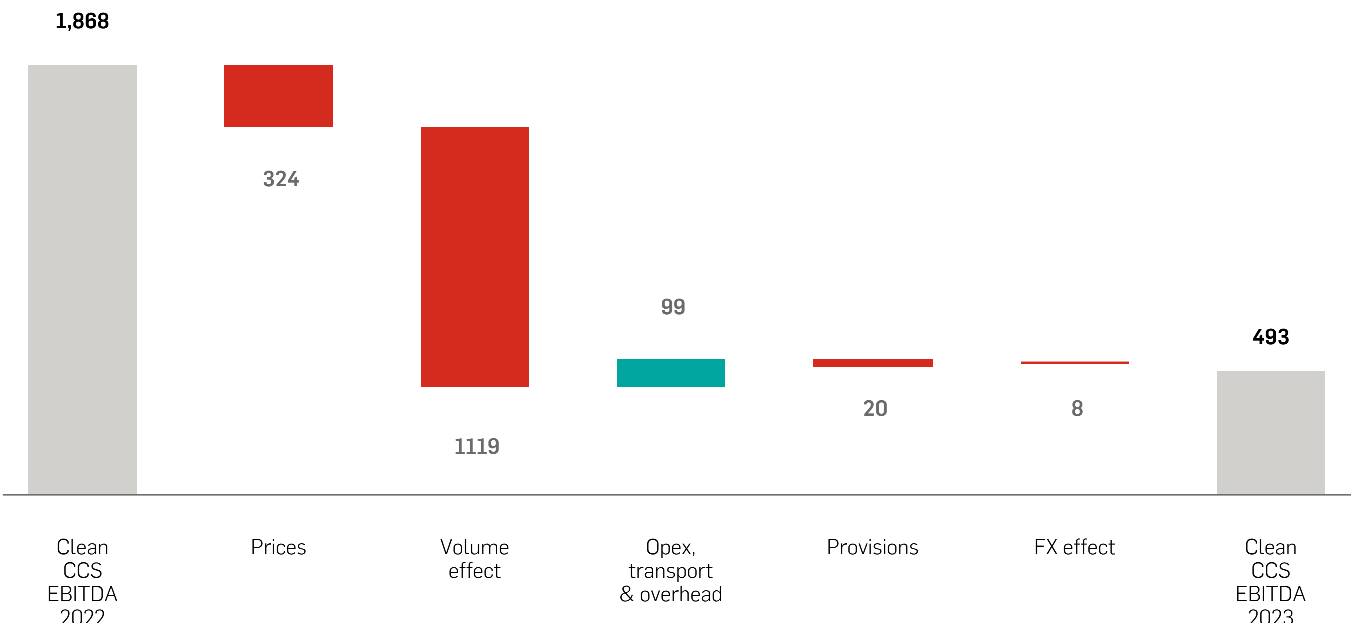
Operations

In 2023, crude oil prices continued to come down, dropping 18% from 2022, due to the economic slowdown in China, global economic and financial market uncertainty and the OPEC's unsuccessful attempts to push prices higher by cutting production.

Working interest crude production decreased to 42.1 thousand bbl/d, shaped by the disposal of assets, which logically affected Upstream production. The decrease was also shaped by programmed maintenance reviews in Algeria and the stoppage at the Los Ángeles field (Peru) until June 2023. The stoppages at the RKF and Los Ángeles fields also affected crude oil sales, which decreased by 63% from 2022.

Earnings

Trend in Clean CCS EBITDA evolution – Dec. 22 – Dec. 23 (€ million)



Clean CCS EBITDA in the Upstream business totalled €493 million, down from 2022, due to the cessation of production and EBITDA contributions from the Abu Dhabi assets from March 2023. In addition, the drop in crude oil prices, several programmed maintenance stoppages and certain closures affected earnings in the Upstream business. In the wake of the Abu Dhabi disposals, Cepsa's breakeven profitability threshold is very achievable, while the business' cash conversion dynamics have improved.

Capital expenditure amounted to €58 million, a decrease from 2022, due mainly to the exploration work in Suriname, lower costs at Timimmoun Development, the absence of workovers, fewer well abandonments in Colombia and lower maintenance work at RKF, partly due to the decrease in major inspections at Ourhoud.

Consolidated group ROACE

The Group's return on average capital employed is reflected in the following Adjusted ROACE:

				31 Dic. 2023				31 Dic. 2022		
Adjusted ROACE	=	Adjusted net operating profit / Average adjusted capital employed	=	386 / 7,426	=	5.2 %		927 / 8,018	=	11.6 %

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).

Treasury shares

At year-end 2023, the company held 137,361 own shares. Those shares represented 0.03% of share capital and were acquired at an average price of €11.21 per share. At year-end 2022, the company held 168,760 own shares.

The treasury shares correspond to new shares, from capital increases carried out during in 2021, adquired by the company in order to give greater flexibility to its shareholding structure.

Events after the reporting period

On 2 February an agreement was signed for the sale of certain assets in Latin America belonging to the Exploration & Production business. The transaction is expected to be completed in the coming months, subject to closing conditions.

The amount of the temporary energy tax, calculated on 2023 sales, is €243 million. A 50% advance payment was made in February.

On 22 February 2024, Cepsa closed the agreement signed in February 2023 with Bio-Oils Energy, the biofuels company of the Apical Group, to create a joint venture, in which Cepsa holds a 55% stake and Bio-Oils Energy the remaining 45%, with the aim of jointly generating more value in the production and manufacturing of second-generation biofuels (FAME, HVO and SAF).

4.4
Liquidity and capital resources

Cash flows

Cash flows (€ million)

	2023	2022
EBITDA - IFRS	**630**	**3,262**
Dividends received	14	23
Income tax payments/collections	(366)	(1,419)
Other operating activity receipts/(payments)	23	22
Net cash flows from operating activities before working capital movements	**301**	**1,887**
Net increase/(decrease) in working capital	825	(338)
Net cash flows from operating activities	**1,126**	**1,549**
Payments on investments	(699)	(653)
Proceeds from disposals	1,187	4
Net cash flows from/(used in) investing activities	**488**	**(648)**
Free cash flow before dividends and financing activities	**1,614**	**901**
Interest paid	(142)	(121)
IFRS 16 Debt payments	(177)	(159)
Dividends paid	(869)	(588)
Proceeds/(repayment) of borrowings	(243)	(225)
Net cash flows used in financing activities	**(1,431)**	**(1,092)**
Net increase/(decrease) in cash	**183**	**(192)**

Cash flow from operating activities before changes in working capital remained solid at €301 million, albeit affected by the extraordinary tax payment.

Cash used in investing activities was higher than in 2022 (€699 million in 2023 versus €653 million in 2022), boosted mainly by sustainability investments. This highlights Cepsa's commitment to pushing forward with its Positive Motion strategy.

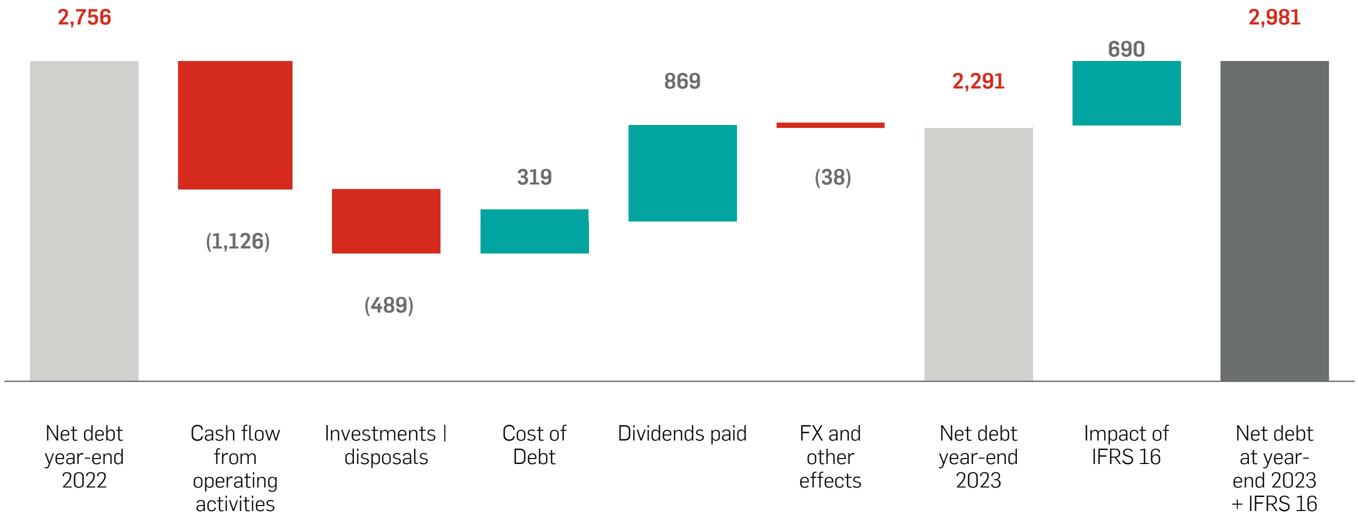
Free cash flow before dividends and financing activities amounted to €1,614 million, up sharply from 2022, due mainly to the proceeds from the sale of the assets in Abu Dhabi in early 2023.

Financial position

Net debt stood at €2,291 million at year-end 2023 (2022: €2,756 million). Net debt including the impact of IFRS 16 totalled €2,981 million (2022: €3,451 million).

The next chart depicts the trend in net debt by sources and uses of funds:

Trend in Net Debt, Dec. 22 – Dec. 23 (€ million)

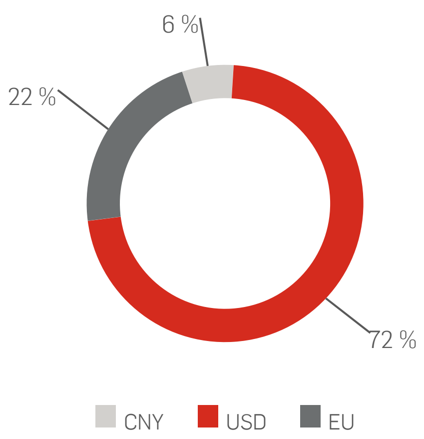


Debt structure and main financing transactions

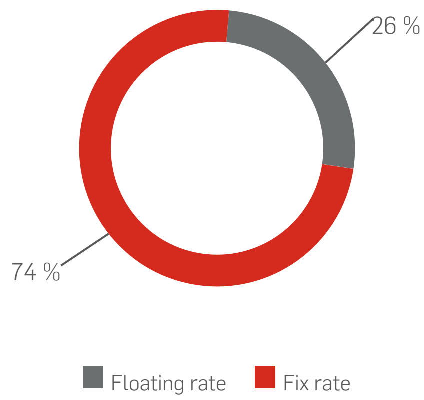
Debt structure and maturity profile

The breakdown of the group's net debt by currency and type of interest rate (including the impact of the corresponding derivatives) at 31 December 2023 is provided below:

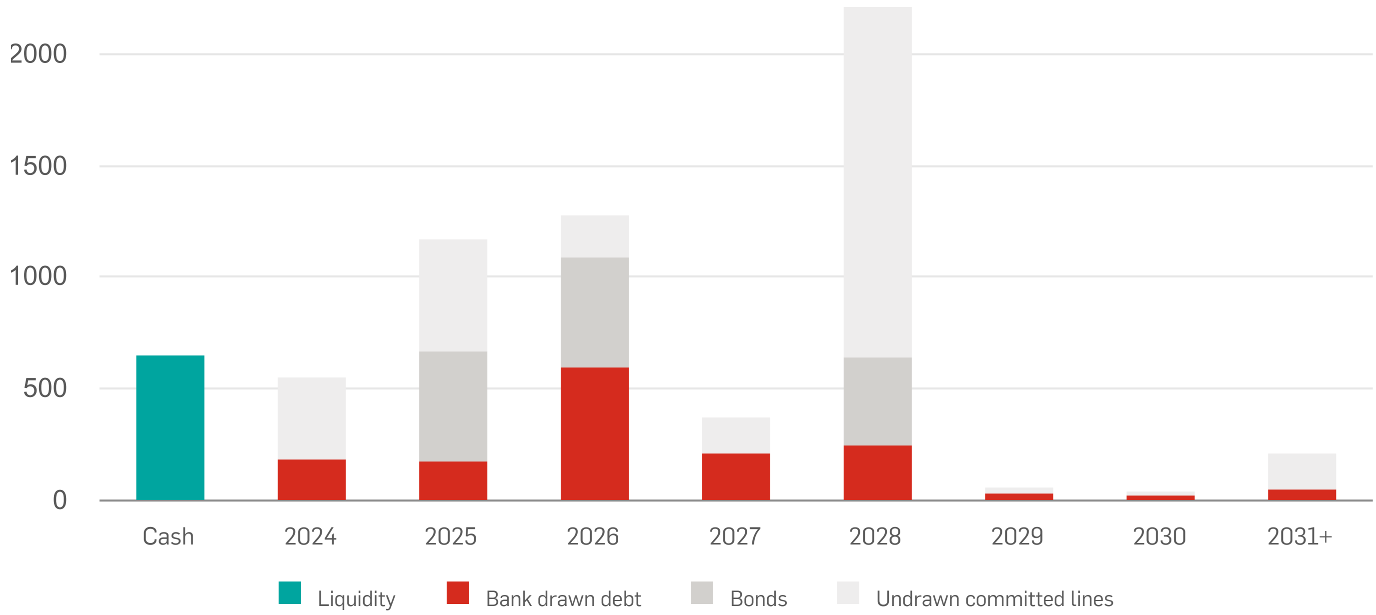
Net debt breakdown by currency



Net debt breakdown by interest rate



The maturity schedule for the group's gross borrowings (€ million):



Cepsa had sufficiently liquidity at year-end to cover its refinancing requirements to 2028. At 31 December 2023, the average maturity of the company's net debt stood at 3.1 years.

Main financing transactions

In 2023 Cepsa continued to actively manage its financing, renegotiating its existing bank loans and arranging new financing to lengthen its maturity profile and reduce refinancing risk. Likewise, in order to enhance its long-term liquidity, it also actively managed its liquidity facilities.

As it has been doing regularly since it first arranged this facility in 2014, Cepsa secured approval from all the banks in its revolving credit facility pool to extend its €2,000 million RCF by another year. Having obtained the unanimous consent of all 18 banks, this facility now matures in September 2028, significantly improving the quality of Cepsa's liquidity. At the time of writing, Cepsa had not drawn down any amounts under that facility.

Within its new financing arrangements, it is worth highlighting the two loans (for a combined €230 million) extended by the European Investment Bank (EIB) to finance projects under the umbrella of its Positive Motion strategy.

As for its capital markets activity, Cepsa's bonds are investment-grade-rated by the three main credit rating agencies: Moody's, S&P and Fitch. Cepsa's investment grade rating was reaffirmed in 2023 following reviews by Fitch, S&P and Moody's in March, April and August, respectively.

Financial autonomy ratio and leverage ratio

Gearing ratio (€ million)

	2023	2022
Non-current bank borrowings	3,263	3,210
Current bank borrowings	377	717
Cash and cash equivalents	(659)	(476)
Net debt	**2,981**	**3,451**
Equity	**3,587**	**4,832**
Capital Employed - IFRS	**6,568**	**8,283**
Net Debt/(net debt +equity)	**45.4 %**	**41.7 %**
Impact of IFRS 16 on net debt	**690**	**694**
Net debt[57]	**2,291**	**2,756**
Capital Employed IFRS [57]	**5,878**	**7,588**
Net Debt/(net debt +equity)[57]	**39.0 %**	**36.3 %**

The group's leverage ratio, including the impact of IFRS 16, expressed as net debt over capital employed (net debt plus equity), stood at 45.4 % at year-end 2023 versus 41.7 % at year-end 2022. The year-on-year increase is attributable to the decrease in earnings in 2023.

Leverage ratio (€ million)

	2023	2022
Net debt	2,981	3,451
Clean CCS EBITDA	1,402	2,939
Net debt/Clean CCS EBITDA	**2,1x**	**1,2x**
Net debt[57]	2,291	2,756
Clean CCS EBITDA[57]	1,225	2,780
Net debt/Clean CCS EBITDA[57]	**1,9x**	**1,0x**

Cepsa's leverage ratio, expressed as net debt/adjusted EBITDA, increased to 1,9x, due to the fact that following their disposal, the Abu Dhabi assets did not contribute to Cepsa's EBITDA for most of the year. Nevertheless, this ratio remains within management's target of 2.0x.

Capital employed

The group's capital employed stood at €6,568 million at 31 December 2023 (including the impact of IFRS 16), compared to €8,283 million at year-end 2022. The breakdown by business segment:

Capital Employed IFRS (€ million)

	Energy	Chemicals	Exploration & Production	Corporation	Total
Capital Employed at year-end 2023	4,413	1,279	898	(22)	6,568
Capital Employed at year-end 2022	4,659	1,478	2,293	(147)	8,283
Year-on-year change	(245)	(198)	(1,395)	125	(1,715)

The equity attributable to equity holders of the parent stood at €3,526 million at year-end 2023, representing 53% of the group's capital employed as of the reporting date.

[57] Excluding IFRS 16 impact.

05

Appendices

Appendix 1
About this report

GRI: 2-2, 2-4, 2-14

Criteria and standards used

With the 2023 Integrated Report, we are reaffirming our commitment to transparency and accountability in response to our stakeholders' needs, expectations and requests for qualitative and quantitative information.

The report is organised around the cornerstones of our strategy and sustainability plans. Considering the findings of our materiality assessment, which we update annually, we have included disclosures about our commitments, management and performance in the most relevant topics of corporate sustainability for both our organisation and our stakeholders, along with information about our strategy, business model, governance and financial and business performance.

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 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 management report.

This document includes non-financial information additional to that required under the above-mentioned law. It was drawn up in keeping with the requirements of the global standards issued by the Global Reporting Initiative (GRI) and includes the disclosures required in the Sector Standard for Oil and Gas (GRI 11). It also follows the principles for ensuring the quality outlined in the GRI Standards (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability).

We also voluntarily followed other widely regarded international reporting standards and frameworks: The International Integrated Reporting Framework (<IR>), United Nations Global Compact principles, Task Force on Climate-related Financial Disclosure (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 to delivering the Sustainable Development Goals (SDGs).

Though not required to do so, we also included the amounts and percentages of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) of taxonomy-eligible and aligned economic activities as per the EU Taxonomy Regulation, specifically in accordance with Article 8 of Regulation (EU) 2020/852, of 18 June 2020, Annexes I and II of Delegated Regulation (EU) 2021/2178, of 6 July 2021, Delegated Regulation (EU) 2021/2139, of 4 June 2021, Delegated Regulation (EU) 2022/1214, of 9 March 2022 and Delegated Regulations (EU) 2023/2485 and 2023/2486, of 27 June 2023.

The information included in the 2023 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 or corporate sustainability 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.

The 2023 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. Likewise, any prior-year quantitative information that has been recalculated or restated is flagged in the corresponding chapter in order to enhance the comparability of information between reporting periods.

For further information, refer to Appendix 7. Sustainability index and contents

Appendix 2
Sustainability performance

2.1

Climate change

2.1.1
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 (million tCO_2eq)[1, 2,3,4]

				2023			2022
Business		**Scope 1**	**Scope 2 (location)**	**Scope 2 (market)**	**Scope 1**	**Scope 2 (location)**	**Scope 2 (market)**
Exploration & Production		0.1	0.04	0.1	0.1	0.05	0.1
Chemicals		0.6	0.2	0.1	0.7	0.3	0.2
Energy	Energy Parks	2.6	0.2	—	2.9	0.2	—
	Commercial & Clean Energies	1.4	0.001	—	1.6	0.002	—
Total (Scopes)		**4.7**	**0.5**	**0.2**	**5.3**	**0.5**	**0.2**
Total (Scope 1 + Scope 2 I market-based)				**4.9**			**5.6**

1. Because of the reporting date, the CO_2eq data may differ slightly from the audited data reported under the carbon schemes to which the company is subject or our voluntary reports under ISO 14064.
2. Gases included in the calculation: CO_2, CH_4 and N_2O.
3. Measurement methodology: calculated using regulatory methodologies and/or the voluntary ISO 14064 international standard. The Scope 2 figures have been updated with respect to prior reports as the reporting approach has been modified to layer in the distinction between market- and location-based measurements.
4. The emissions figures do not include the Mobility & New Commerce or Trading businesses on account of their scant materiality. Scope 1 emissions include fugitive emissions from natural gas transport for alignment with our scope in ISO 14064. The asphalt facilities have been included under the scope of ISO 14064 since 2021, so that they are included within the Commercial & Clean Energies business; although they do not generate material emissions or consume material amounts of energy, they are reported on for consistency with the ISO standard.

Methane emissions (thousand tonnes of CH4 and as a percentage of CO_2eq)[1]

	2023		2022
Direct CH_4 emissions	**CH_4 as a % of CO_2eq**	**Direct CH_4 emissions**	**CH_4 as a % of CO_2eq**
1.9	1 %	2.0	1 %

1. Reported CH4 includes venting emissions and emissions from flaring, combustion and natural gas transport (fugitive). Calculated using the audited methodology under ISO 14064.

[GRI 305-3] Other indirect (Scope 3) GHG emissions

Scope 3 GHG emissions by category (million tCO_2eq)[1,2,3]

Category	2023	2022
Purchased goods and services	4.4	9.8
Fuel- and energy-related activities	0.5	0.5
Upstream transportation and distribution	1.0	0.9
Downstream transportation and distribution	0.6	0.3
Use of sold products	51.6	50.7
Total	**58.0**	**62.2**

1. Because of the reporting date, the CO_2eq data may differ slightly from the figures reported voluntarily under ISO 14064.
2. The 2022 'Fuel- and energy-related activities' figure has been updated.
3. Gases included in the calculation: CO_2, CH_4 and N_2O.

[GRI 305-4] GHG emissions intensity

GHG emissions intensity (thousand tCO_2eq / thousand tonnes)[1,2]

Business	2023	2022
Exploration & Production	0.18	0.10
Chemicals	0.30	0.27
Energy Parks	0.17	0.16

1. Emissions intensity reporting is based on the same rationale as the energy intensity indicator (GRI 302-3). The primary energy consumption in the Commercial & Clean Energies business included in the energy consumption indicator (GRI 302-1) is not reported in this indicator since part of the final energy generated, and, therefore, the associated emissions, is consumed by Energy Parks and Chemicals and is, therefore, shown in these businesses' emissions intensity.
2.The denominator in the Exploration & Production business is expressed in thousands of tonnes of crude oil and gas. The denominators in Chemicals and Energy Parks are expressed in thousands of tonnes processed.

[SASB EM-EP-110a.2] Amount of gross global Scope 1 emissions from: flared hydrocarbons, other combustion, process emissions, other vented emissions, and fugitive emissions

Scope 1 GHG emissions in the Exploration & Production business by type (million tCO_2eq)

	2023	2022
Hydrocarbons flared	0.04	0.07
Other combustion	0.03	0.07
Process emissions	—	—
Other vented emissions	—	—
Fugitive emissions from operations	0.001	0.01

[SASB EM-EP-420a.2] Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves

Estimated GHG emissions embedded in proved hydrocarbon reserves (million tCO_2)[1]

2023	2022
9.1	31.2

1. The decrease is due to the sale of the Abu Dhabi assets.

2.1.2

Energy consumption

[GRI 302-1] Energy consumption within the organization

Energy consumption within the organization by fuel type (TJ)[1,2]

Fuels	2023	2022
Renewable electricity	4,618	4,580
Renewable fuel	181	—
Non-renewable electricity	1,083	1,453
Gas oil/diesel	589	607
Fuel oil	1,130	2,923
Natural gas	41,081	41,623
Residual gas	1,703	2,328
Crude oil	24	46
Fuel gas	25,326	28,114
Steam	2,198	2,158
Total	**77,932**	**83,831**

1. The data reported correspond to directly incoming energy and fuel at the facilities both for own consumption and the production of energy for sale to third parties. As a result, the figures differ from those reported for the purpose of GRI 302-3, which only reflect the energy consumed.
2. The energy figures do not include the Mobility & New Commerce or Trading businesses on account of their scant materiality.

Energy sold by fuel type (TJ)[1]

	2023	2022
Electricity	7,825	9,754
Steam	965	1,060
Total	**8,790**	**10,814**

1. Reflects the electricity and steam sold to a third party.

[GRI 302-2] Energy consumption outside the organization

Energy consumption outside the organization by category (TJ)[1]

Categories (GHG protocol)	2023	2022
Purchased goods and services	846,677	916,549
Fuel- and energy-related activities	9,055	9,542
Upstream transportation and distribution	18,084	15,729
Downstream transportation and distribution	9,987	5,735
Use of sold products	726,196	711,009
Total	**1,609,999**	**1,658,564**

1. The 2022 'Fuel- and energy-related activities' figure has been updated.

[GRI 302-3] Energy intensity

Energy intensity by business (TJ/thousand tonnes of product)[1,2,3]

Business	2023	2022
Exploration & Production	1.26	1.14
Chemicals	5.21	4.83
Energy Parks	2.54	2.24

1. The primary energy consumption in the Commercial & Clean Energies business included in the energy consumption indicator (GRI 302-1) is not reported in this indicator since part of the final energy generated is consumed by Energy Parks and Chemicals and, therefore, shown in those businesses' energy intensity.
2. Types of energy included: fuel, electricity, heating, cooling and steam.
3. The denominator in the Exploration & Production business is expressed in thousands of tonnes of crude oil and gas. The denominators in Chemicals and Energy Parks are expressed in thousands of tonnes processed.

[SASB RT-CH-130a.1] Total energy consumed

Energy consumed in the Chemicals business (TJ)

Energy	2023	2022
Total energy consumed	15,161	17,519
Energy consumed supplied from grid electricity	1,538	1,743
Percentage grid electricity	10 %	10 %
Energy consumed that is renewable energy	1,248	1,318
Percentage renewable	8 %	8 %
Total amount of self-generated energy	76	81

2.1.3

Renewable energy

Renewable energy production in 2023[1]

Renewable energy source	Gross generation (GWh)	Installed capacity (MW)
Wind	51	29

1. Excludes the energy generated for self-consumption at our service stations.

Biofuels produced (thousands of litres)[1]

2023	2022
209,463	59,843

1. Biofuel produced in keeping with sustainability criteria.

[SASB EM-RM-410a.1] Renewable Volume Obligation (RVO) met through: production of renewable fuels and purchase of separated renewable identification numbers (RIN) (%)

	2023	2022
% met through production of renewable fuels [1]	40 %	16 %
% met through purchase of separated renewable identification numbers (RIN)	60 %	84 %

1. Includes biofuels, cellulosic biofuel, ethanol, advanced biofuels and other renewable fuels.

2.2

Environment

2.2.1

Water

[GRI 303-3] Water withdrawal

Total water withdrawn by area, source and type (thousand m^3)[1,2]

			2023		2022	
			All areas	**Areas with water stress**	**All areas**	**Areas with water stress**
Total water withdrawal		Freshwater	15,240	13,103	16,707	14,385
		Other water	16,154	1,552	16,436	1,800
		Total	**31,395**	**14,655**	**33,143**	**16,185**
Water withdrawal by source	Surface water	Freshwater	4	—	9	—
		Other water	197	197	207	207
		Total	**201**	**197**	**216**	**207**
	Groundwater	Freshwater	620	596	751	725
		Other water	1,226	1,226	1,514	1,514
		Total	**1,846**	**1,822**	**2,264**	**2,238**
	Produced water	Freshwater	—	—	—	—
		Other water	14,731	129	14,716	80
		Total	**14,731**	**129**	**14,716**	**80**
	Third-party water	Freshwater	14,616	12,507	15,947	13,660
		Other water	—	—	—	—
		Total	**14,616**	**12,507**	**15,947**	**13,660**

1. The water figures do not include the Mobility & New Commerce or Trading businesses on account of their scant materiality.
2. The company does not withdraw any seawater.

[GRI 303-4] Water discharge

Total water discharged by area and destination (thousand m^3)[1,2]

		2023		2022	
		All areas	**Areas with water stress**	**All areas**	**Areas with water stress**
Water discharge by type of destination	Surface water	28	—	23	—
	Groundwater	16,053	1,528	16,317	1,738
	Seawater	7,107	7,107	8,090	8,090
	Third-party water	724	21	715	39
	Total	**23,912**	**8,656**	**25,144**	**9,867**

1. The water figures do not include the Mobility & New Commerce or Trading businesses on account of their scant materiality.
2. The company does not withdraw any seawater.

[GRI 303-5] Water consumption

Total water consumption by area (thousand m^3)[1]

2023		2022	
All areas	**Areas with water stress**	**All areas**	**Areas with water stress**
7,482	5,999	7,999	6,318

1. The water figures do not include the Mobility & New Commerce or Trading businesses on account of their scant materiality.

[SASB EM-EP-140a.2] Volume of produced water and flowback generated; percentage discharged, injected and recycled and hydrocarbon content in discharged water

Volume of water managed in the Exploration & Production business (thousand m^3)[1,2]

	2023	2022
Produced water	14,731	14,716
% discharged	1 %	1 %
% injected	99 %	99 %
% recycled	— %	— %
Hydrocarbon content of discharged water (2)	0	4

1. The company does not use hydraulic fracturing and therefore does not generate flowback fluid.
2. The 2022 figure is attributable to a one-off incident at the BMS asset (Algeria) in Exploration & Production.

2.2.2

Biodiversity

[GRI 304-1] Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Areas adjacent (<1km) to areas of high biodiversity value according to IUCN, the Ramsar Convention, the Natura 2000 Network, IBA and national legislation:

Sites adjacent to protected areas or areas of high biodiversity value	Location	Type of operation	Position in relation to the area	Biodiversity value by attribute	Biodiversity value by listing of protected status
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)	Odiel dunes	SCI

Other sensitive areas around the production sites:

Sites adjacent to protected areas or areas of high biodiversity value	Location	Type of operation	Position in relation to the area	Biodiversity value by attribute	Biodiversity value by listing of protected status
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

Sites adjacent to protected areas or areas of high biodiversity value	Location	Type of operation	Position in relation to the area	Biodiversity value by attribute	Biodiversity value by listing of protected status
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
Alijar wind farm	Spain	Electricity generation	Near (5-20 km)	Doñana	RAMSAR, SCI, 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
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 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 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
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

Sites adjacent to protected areas or areas of high biodiversity value	Location	Type of operation	Position in relation to the area	Biodiversity value by attribute	Biodiversity value by listing of protected status
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 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
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
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)	Environmental protection area. North coast continental shelf.	IUCN V
Detén	Brazil	Production	Near (5-20 km)	Environmental protection area. Guarajuba lagoon.	IUCN V

Sites adjacent to protected areas or areas of high biodiversity value	Location	Type of operation	Position in relation to the area	Biodiversity value by attribute	Biodiversity value by listing of protected status
Detén	Brazil	Production	Near (5-20 km)	Environmental protection area. Bay of All Saints.	IUCN V
Detén	Brazil	Production	Near (5-20 km)	As Dunas private natural heritage reserve	IUCN IV
Bécancour	Canada	Production	Near (1-5 km)	Montesson Island seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (1-5 km)	Lamarier Bay seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (1-5 km)	Pointe aux Roches seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (1-5 km)	Battures de Gentilly seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (1-5 km)	Ponte-Paul-Riviere aux Originaux seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (5-20 km)	Muskrat habitat southwest of Port Laviolette	IUCN VI
Bécancour	Canada	Production	Near (5-20 km)	Port Saint-François-Pont Laviolette seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (5-20 km)	Batiscan-Sainte-Anne seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (5-20 km)	Champlain Batiscan seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (5-20 km)	Becquets Deschaillons seabird sanctuary.	IUCN VI
Bécancour	Canada	Production	Near (5-20 km)	Léon-Provancher ecological reserve.	IUCN I
Cepsa Chemical Shanghai	China	Production	Near (5-20 km)	Shanghai Jinshan three 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
Caracara	Colombia	Production	Near (5-20 km)	Campoflorido (Civil Society Nature Reserve)	VI managed resource protected area

Sites adjacent to protected areas or areas of high biodiversity value	Location	Type of operation	Position in relation to the area	Biodiversity value by attribute	Biodiversity value by listing of protected status
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
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
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

Biodiversity impact assessments in areas used for operating activities

	Number of sites	Area (hectares)
Operated assets	23	1,126
Operated assets with biodiversity impact assessments in the last five years	23	1,126
Operated assets near locations of high biodiversity value	3	317
Operated assets near locations of high biodiversity value with a biodiversity plan in place	3	317

[GRI 304-3] Habitats protected or restored

The habitats restored are the Madrevieja environmental station, Primera de Palos lagoon and Muelle de las Carabelas lagoons. These areas have been managed by independent third parties from the outset: TYPMA in the case of the Primera de Palos lagoon and Muelle de las Carabelas lagoons, and Ornitour S.L. in the case of the Madrevieja environmental station.

- Madrevieja environmental station, San Roque, Spain (200,000m^2): work began in 2009 through the Cepsa Foundation on fostering biodiversity in this area and maintaining it. The initial interventions focused on enhancing the area for wildlife, getting the wetlands to provide richer habitats for a variety of species of water animals and birds. Reforestation, meanwhile, translated into a significant increase in plant and animal biodiversity, creating stable ecological niches and favouring the presence of different species of flora and fauna. Two species recovery projects are currently underway. Firstly, the Barn Owl project, which dates to 2019, in which the hacking technique is being used to release birds. Secondly, the European Galapagos tortoise project, launched in 2022, for the creation of facilities designed for raising European Galapagos in semi-liberty. Lastly, the Cepsa Foundation engages with the various stakeholders to encourage this initiative: the environmental authorities of the regional government of Andalusia, GOES (the ornithology group of the Strait), naturalists and nature photographers, providing information about the species.

- Primera de Palos lagoon, Huelva, Spain (350,000m^2): the Cepsa Foundation and regional government of Andalusia have been working together for 20 years on restoring the Primera de Palos lagoon. The restoration measures undertaken include monitoring the birdlife by means of regular censuses, eliminating exotic plant species and regularly clearing the perimeter of the lagoon. These actions, coupled with creation of a sediment and nutrient trap, in partnership with the town council of Palos and the local farming community, have improved the lagoon's ecology. The monitoring work serves to track the progress made and design the opportune measures for preserving the lagoon's biodiversity.

- Muelle de las Carabelas lagoons, Huelva, Spain (20,900m^2): the biodiversity goals that gave rise to this project have been largely achieved barring completion of an open-air environmental education or 'classroom' area and some final signposting work.

For further information about biodiversity

[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[1]

	2023	2022
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.

[SASB EM-EP-160a.3] Percentage of proved and probable reserves in or near sites with protected conservation status or endangered species habitat

Proved and probable reserves in protected areas in the Exploration & Production business (%)[1]

	2023	2022
Percentage of net proved reserves	1.00 %	0.25 %
Percentage of net probable reserves	0.30 %	0.12 %

1. Within 5 km of the boundary of our facilities.

[GRI 306-3] Significant spills

Number and volume of recorded significant spills by material and surface (barrels)

		2023		2022	
		Number	Barrels	Number	Barrels
Oil	Soil	1	660	2	94
	Water surface	—	—	—	—
Other	Soil	1	31	1	75
	Water surface	1	6	—	—

There was an oil spill on soil in 2023 when drilling a pipe in the Exploration & Production business during external excavation work on one of the sites through which the Jaguar - Santiago (Colombia) pipeline runs, triggering a spill equivalent to 660 barrels of crude. In addition, at the La Tordera Norte service station, in the Mobility and New Commerce business, there was a spill equivalent to 31 barrels during a pressure test on a pipe that was not connected due to repair work. Lastly, there was a spill equivalent to 6 barrels of fuel-oil over the sea as a result of a breakage in one of the pipes in the Reina Sofía jetty in La Rábida (Huelva).

2.2.3

Waste and raw materials

[GRI 306-3] Waste generated

Waste generated and its management (tonnes)[1]

		2023	2022
Waste generated	Hazardous waste	34,737	34,168
	Non-hazardous waste	46,153	28,600
	Total	**80,889**	**62,768**
Waste diverted from disposal	Hazardous waste	25,730	21,029
	Non-hazardous waste	31,597	19,372
	Total	**57,327**	**40,401**
Waste directed to disposal	Hazardous waste	9,006	13,139
	Non-hazardous waste	14,556	9,228
	Total	**23,562**	**22,367**

1. The waste data do not include the Trading business on account of its scant materiality.

[GRI 306-4] Waste diverted from disposal

Hazardous and non-hazardous waste diverted from disposal by recovery operation (tonnes)[1,2]

		2023	2022
	Recovery operations	**Offsite**	**Offsite**
Hazardous waste	Preparation for reuse	—	—
	Recycling	4,132	862
	Other recovery operations	21,598	20,169
	Total	**25,730**	**21,031**
Non-hazardous waste	Preparation for reuse	—	—
	Recycling	19,442	8,061
	Other recovery operations	12,155	11,311
	Total	**31,597**	**19,372**

1. No recovery operations are undertaken at our facilities.
2. The waste data do not include the Trading business on account of its scant materiality.

[GRI 306-5] Waste directed to disposal

Hazardous and non-hazardous waste directed to disposal by disposal operation (tonnes)[1,2]

		2023	2022
	Disposal operations	**Offsite**	**Offsite**
Hazardous waste	Incineration (with energy recovery)	—	—
	Incineration (without energy recovery)	37	52
	Landfilling	8,969	13,087
	Other disposal operations	—	—
	Total	**9,006**	**13,139**
Non-hazardous waste	Incineration (with energy recovery)	—	—
	Incineration (without energy recovery)	156	86
	Landfilling	14,399	9,142
	Other disposal operations	—	—
	Total	**14,556**	**9,228**

1. No recovery disposal operation undertaken at our facilities.
2. The waste data do not include the Trading business on account of its scant materiality.

[SASB EM-RM-150a.1 / SASB RT-CH-150a.1] Amount of hazardous waste generated, percentage recycled[)]

Recycled hazardous waste (%)[1,2]

	2023	2022
	12 %	3 %

1. Rest of the indicator answered in GRI 306-3.
2. The waste data do not include the Trading business on account of its scant materiality.

[GRI 301-1] Materials used by weight or volume

Materials used (thousand tonnes)[1]

2023		2022	
Renewable	Non-renewable	Renewable	Non-renewable
223	21,194	391	23,739

1. Does not include products purchased from third parties that are not processed at our facilities. As a result, the data only include the Energy Parks, Commercial & Clean Energies and Chemicals businesses.

2.2.4

Non-GHG emissions

[GRI 305-7] Nitrogen oxides (NOx), sulfur oxides (SOx) other significant air emissions

Non-GHG emissions (tonnes)[1]

	2023	2022
NOx	3,372	8,830
SOx	3,482	5,508
VOC	751	1,133
Particles	281	537

1. The non-GHG figures do not include the Mobility & New Commerce or Trading businesses on account of their scant materiality.

2.2.5

Environmental management

Sites with a certified Environmental Management System (EMS) or EMAS (%)[1]

	2023	2022
Productive sites with an EMS verified under an international standard (ISO 14001) (%)	100 %	100 %
Productive sites with an EMS certified under ISO 14001 (%)	91 %	91 %

1. This scope of this KPI includes all Cepsa industrial sites that carry out production activities. The 2022 figure has been restated accordingly.

Resources for protecting the environment (€ thousand)

	2023	2022
Environmental expenditure	70,186	101,799
Environmental investments	141,873	100,952

Compliance with environmental laws and regulations

	2023	2022
Non-compliance with environmental laws and/or regulations[1]	4	3
Total monetary value of significant fines (€)	64,000	94,002
Amount paid during the year (€)	20,000	24,001

1. Significant fines are those of €10,000 or more.

2.3

Human resources

2.3.1
Workforce

Employees by gender, age, country and employee category

		2023	2022
	Number of employees	10,865	10,310
Employees by gender	Female	4,226	3,915
	Male	6,639	6,395
Employees by age	< 30	1,096	976
	30-50	6,415	6,324
	> 50	3,354	3,010
Employees by country	Algeria	98	94
	Belgium	9	8
	Brazil	181	185
	Canada	73	72
	China	137	133
	Colombia	121	124
	United Arab Emirates	2	34
	Spain	9,549	8,983
	Italy	5	7
	Malaysia	1	1
	Morocco	2	1
	Mexico	12	12
	Netherlands	5	5
	Peru	29	29
	Portugal	624	607
	United Kingdom	8	9
	Singapore	9	7
Employees by employee category	Executives	142	140
	Department heads	777	750
	Senior-level technical staff	2,250	2,141
	Mid-level technical staff	1,225	1,268
	Specialists	6,316	5,853
	Clerical staff	77	74
	Assistants	79	84

[GRI 405-1] Diversity of governance bodies and employees

Employees by gender, age and employee category (%)

		2023			2022		
Employee category	**Gender and age**	**< 30**	**30-50**	**> 50**	**< 30**	**30-50**	**> 50**
Executives	% Female	— %	33.3 %	25.3 %	— %	31.1 %	21.5 %
	% Male	— %	66.7 %	74.7 %	— %	68.9 %	78.5 %
	% Age group	— %	44.4 %	55.6 %	— %	43.6 %	56.4 %
Department heads	% Female	33.3 %	30.6 %	26.4 %	— %	28.8 %	24.1 %
	% Male	66.7 %	69.4 %	73.6 %	100 %	71.2 %	75.9 %
	% Age group	0.4 %	60.1 %	39.5 %	0.1 %	60.7 %	39.2 %
Senior-level technical staff	% Female	44.9 %	37.6 %	24.3 %	35.6 %	36.5 %	24.3 %
	% Male	55.1 %	62.4 %	75.7 %	64.4 %	63.5 %	75.7 %
	% Age group	7.8 %	63.8 %	28.4 %	6.8 %	66.7 %	26.5 %
Mid-level technical staff	% Female	53.6 %	29.3 %	24.8 %	57.0 %	28.3 %	23.5 %
	% Male	46.4 %	70.7 %	75.2 %	43.0 %	71.7 %	76.5 %
	% Age group	7.9 %	51.9 %	40.2 %	11.2 %	53.5 %	35.3 %
Specialists	% Female	45.3 %	45.7 %	37.8 %	46.5 %	45.0 %	37.3 %
	% Male	54.7 %	54.3 %	62.2 %	53.5 %	55.0 %	62.7 %
	% Age group	12.6 %	59.0 %	28.4 %	11.4 %	61.7 %	27.0 %
Clerical staff	% Female	80.0 %	65.3 %	36.8 %	76.9 %	60.0 %	33.3 %
	% Male	20.0 %	34.7 %	63.2 %	23.1 %	40.0 %	66.7 %
	% Age group	13.1 %	62.1 %	24.8 %	17.6 %	54.1 %	28.4 %
Assistants	% Female	58.8 %	38.5 %	69.6 %	11.1 %	23.5 %	58.3 %
	% Male	41.2 %	61.5 %	30.4 %	88.9 %	76.5 %	41.7 %
	% Edad	21.5 %	49.4 %	29.1 %	10.7 %	60.7 %	28.6 %

Members of governing bodies by gender and age (%)

		2023			2022		
	Gender and age	**< 30**	**30-50**	**> 50**	**< 30**	**30-50**	**> 50**
Board of Directors	% Female	— %	20.0 %	— %	— %	33.3 %	— %
	% Male	— %	80.0 %	100 %	— %	66.7 %	100 %
	% Age group	— %	45.5 %	54.5 %	— %	30.0 %	70.0 %
Management Committee	% Female	— %	50.0 %	14.3 %	— %	50.0 %	22.2 %
	% Male	— %	50.0 %	85.7 %	— %	50.0 %	77.8 %
	% Age group	— %	36.4 %	63.6 %	— %	18.2 %	81.8 %

[GRI 2-7] Employees

Employees by part-time/full-time, region and gender[1,2]

		2023			2022		
Region	Employment type	Women	Men	Total	Women	Men	Total
Spain	Permanent	3,421	5,520	8,941	3,173	5,341	8,514
	Temporary	312	296	608	258	211	469
	Full-time	3,487	5,667	9,153	3,223	5,419	8,642
	Part-time	247	150	396	208	133	341
Africa	Permanent	9	91	100	8	87	95
	Temporary	—	—	—	—	—	—
	Full-time	9	91	100	8	87	95
	Part-time	—	—	—	—	—	—
Americas	Permanent	102	308	410	97	315	412
	Temporary	1	5	6	1	9	10
	Full-time	103	313	416	98	324	422
	Part-time	—	—	—	—	—	—
Asia	Permanent	27	120	147	34	139	173
	Temporary	—	2	2	—	2	2
	Full-time	27	122	149	34	141	175
	Part-time	—	—	—	—	—	—
Europe	Permanent	337	280	617	323	270	593
	Temporary	17	17	34	21	21	42
	Full-time	348	289	637	338	285	623
	Part-time	6	8	14	6	6	12

1. Africa: Algeria and Morocco. Americas: Brazil, Canada, Colombia, Mexico and Peru. Asia: China, UAE, Malaysia and Singapore. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom.
2. The sum of permanent employees and temporary employees yields the total headcount figure. Likewise, the sum of full-time employees and part-time employees yields the total headcount figure.

Annual averages

Annual averages by employment type, employee category and gender

		2023				2022			
		Permanent	Temporary	Full-time	Part-time	Permanent	Temporary	Full-time	Part-time
Employee category	Executives	140	—	140	—	125	—	125	—
	Department heads	760	—	754	7	729	—	721	8
	Senior-level technical staff	2,203	5	2,177	31	2,045	19	2,024	39
	Mid-level technical staff	1,228	6	1,233	1	1,209	13	1,221	1
	Specialists	5,540	711	5,878	374	5,101	766	5,581	286
	Clerical staff	73	10	82	1	71	3	73	1
	Assistants	73	17	71	19	71	16	84	3
Age group	< 30	815	310	974	150	569	329	797	101
	30-50	6,071	369	6,241	199	5,923	431	6,176	178
	> 50	3,132	70	3,119	83	2,859	57	2,857	59
Gender	Female	3,787	369	3,900	256	3,386	446	3,630	203
	Male	6,231	379	6,434	176	5,965	370	6,200	134

2.3.2
Diversity and inclusion

We are committed to having women represent 30% of management positions by 2025.

Share of women by employee category (%)

	2023	2022
Share of female employees	38.9 %	38.0 %
Share of women in management positions	28.9 %	26.7 %
Women in junior management positions	29.0 %	26.9 %
Share of women in senior management positions	28.9 %	25.7 %
Share of women in management positions in key revenue-generating roles	20.8 %	18.2 %
Share of women in STEM-related positions	21.9 %	21.5 %

Employees by nationality (%)[1]

	Employees		Managers	
Nationality	2023	2022	2023	2022
Spanish	84.0 %	84.1 %	85.6 %	84.0 %
Brazilian	2.2 %	2.2 %	1.5 %	1.5 %
Chinese	1.3 %	1.3 %	1.1 %	0.6 %
Colombian	1.7 %	1.7 %	2.1 %	2.6 %
Portuguese	5.8 %	5.7 %	2.3 %	2.3 %
Other	5.0 %	5.0 %	7.4 %	9.2 %

1. The 2022 executive figures have been restated.

Employees with disabilities[1]

	2023	2022
Employees with disabilities (no.)	177	118
Employees with disabilities (%)	1.63 %	1.14 %

1. The reporting methodology has been modified to include the number of employees with a disability of a severity of over 33% instead of reporting all severities. The 2022 figure has been restated. The increase is attributable to new hires and the Aflora Plan.

[GRI 401-3] Parental leave

Parental leave

	2023			2022		
	Women	Men	Total	Women	Men	Total
Employees entitled to parental leave	59	107	166	95	132	227
Employees that took parental leave	99	187	286	133	225	358
Employees that returned to work after parental leave	90	187	277	94	206	300
Employees that returned to work after parental leave that were still employed 12 months after their return to work	81	187	268	80	183	263
Return to work rate	91 %	100 %	97 %	71 %	92 %	84 %
Retention rate	86 %	91 %	89 %	82 %	92 %	89 %

[GRI 202-2] Proportion of senior management hired from the local community

Senior managers from the local community (%)

2023	2022
85 %	85 %

2.3.3

Hiring and turnover

[GRI 401-1] New employee hires and employee turnover

New hires by age, gender and region[1,2,3]

		< 30				30-50				> 50				Total			
		Nº		%		Nº		%		Nº		%		Nº		%	
Region	**Gender**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Spain	Women	556	577	132 %	158 %	822	825	35 %	37 %	148	112	15 %	13 %	1,526	1,514	41 %	44 %
	Men	702	715	149 %	178 %	651	612	20 %	19 %	161	155	8 %	8 %	1,514	1,482	26 %	27 %
Africa	Women	—	—	— %	— %	—	—	— %	— %	—	—	— %	— %	—	—	— %	— %
	Men	—	—	— %	— %	—	—	— %	— %	—	—	— %	— %	—	—	— %	— %
Americas	Women	2	1	20 %	10 %	8	6	11 %	9 %	—	2	— %	11 %	10	9	10 %	9 %
	Men	2	10	12 %	43 %	11	20	5 %	10 %	2	2	2 %	2 %	15	32	5 %	10 %
Asia	Women	2	2	22 %	20 %	1	1	6 %	4 %	—	1	— %	— %	3	4	11 %	12 %
	Men	12	7	43 %	23 %	9	13	10 %	13 %	—	2	— %	22 %	21	22	17 %	16 %
Europe	Women	71	75	103 %	112 %	52	61	25 %	31 %	9	15	12 %	19 %	132	151	37 %	44 %
	Men	88	73	128 %	107 %	43	39	29 %	27 %	1	10	1 %	13 %	132	122	44 %	42 %
Total	**Women**	**631**	**655**	**124 %**	**145 %**	**883**	**893**	**33 %**	**35 %**	**157**	**130**	**15 %**	**14 %**	**1,671**	**1,678**	**40 %**	**43 %**
	Men	**804**	**805**	**137 %**	**154 %**	**714**	**684**	**19 %**	**18 %**	**164**	**169**	**7 %**	**8 %**	**1,682**	**1,658**	**25 %**	**26 %**
	Total	**1,435**	**1,460**	**131 %**	**150 %**	**1,597**	**1,577**	**25 %**	**25 %**	**321**	**299**	**10 %**	**10 %**	**3,353**	**3,336**	**31 %**	**32 %**

1 Africa: Algeria and Morocco. Americas: Brazil, Canada, Colombia, Mexico and Peru. Asia: China, UAE, Malaysia and Singapore. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom.
2. The percentage of vacancies filled by internal candidates in 2023 was 46 % (2022: 18 %). The increase was the result of a new internal mobility model. The average cost of hiring in 2023 was € 2,890 in 2023 (2022: €2,056). That cost was calculated as the average cost per process (considering all hiring costs, including the wages of the recruitment team, platforms, subcontracting, advertising and forums) divided by the number of new hires into permanent corporate positions. The incidence of temporary hiring at the service stations is not considered. The difference reflects the fact that in 2022 there was a higher number of external vacancies.
3. The percentages of over 100% reflect high volumes of hiring and departures at the service stations.

Voluntary departures by age, gender and region[1]

		< 30				30-50				> 50				Total			
		No.		%		No.		%		No.		%		No.		%	
Region	**Gender**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Spain	Women	108	72	26 %	20 %	114	101	5 %	5 %	12	11	1 %	1 %	234	184	6 %	5 %
	Men	119	77	25 %	19 %	7500 %	61	2 %	2 %	11	5	1 %	— %	205	143	4 %	3 %
Africa	Women	0	—	— %	— %	— %	1	— %	17 %	0	—	— %	— %	—	1	— %	13 %
	Men	0	—	— %	— %	— %	1	— %	2 %	0	—	— %	— %	—	1	— %	1 %
Americas	Women	0	—	— %	— %	200 %	5	3 %	7 %	1	—	5 %	— %	3	5	3 %	5 %
	Men	3	3	18 %	13 %	700 %	25	3 %	12 %	0	1	— %	1 %	10	29	3 %	9 %
Asia	Women	0	—	— %	— %	200 %	2	11 %	8 %	1	—	— %	— %	3	2	11 %	6 %
	Men	7	4	25 %	13 %	500 %	6	6 %	6 %	2	—	33 %	— %	14	10	11 %	7 %
Europe	Women	18	23	26 %	34 %	2100 %	37	10 %	19 %	2	7	3 %	9 %	41	67	12 %	19 %
	Men	33	27	48 %	40 %	2400 %	22	16 %	15 %	4	2	5 %	3 %	61	51	21 %	18 %
Total	**Women**	**126**	**95**	**25 %**	**21 %**	**139**	**146**	**5 %**	**6 %**	**16**	**18**	**1 %**	**2 %**	**281**	**259**	**7 %**	**7 %**
	Men	**162**	**111**	**28 %**	**21 %**	**111**	**115**	**3 %**	**3 %**	**17**	**8**	**1 %**	**— %**	**290**	**234**	**4 %**	**4 %**
	Total	**288**	**206**	**26 %**	**21 %**	**250**	**261**	**4 %**	**4 %**	**33**	**26**	**1 %**	**1 %**	**571**	**493**	**5 %**	**5 %**

1. Africa: Algeria and Morocco. Americas: Brazil, Canada, Colombia, Mexico and Peru. Asia: China, UAE, Malaysia and Singapore. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

Total departures by age, gender and region[1,2,3]

		< 30				30-50				> 50				Total[2]			
		Nº		%		Nº		%		Nº		%		Nº		%	
Region	**Gender**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Spain	Women	477	420	113 %	115 %	696	731	30 %	33 %	133	134	14 %	16 %	1,306	1,285	35 %	37 %
	Men	597	578	126 %	144 %	485	474	15 %	14 %	192	213	9 %	11 %	1,274	1,265	22 %	23 %
Africa	Women	—	—	— %	— %	—	1	— %	17 %	—	—	— %	— %	—	1	— %	13 %
	Men	—	—	— %	— %	—	2	— %	3 %	—	1	— %	5 %	—	3	— %	3 %
Americas	Women	—	—	— %	— %	2	5	3 %	7 %	2	3	11 %	17 %	4	8	4 %	8 %
	Men	3	4	18 %	17 %	9	30	4 %	15 %	12	11	13 %	12 %	24	45	8 %	14 %
Asia	Women	—	—	— %	— %	3	12	17 %	50 %	1	1	— %	— %	4	13	15 %	38 %
	Men	8	4	29 %	13 %	10	11	11 %	11 %	2	—	33 %	— %	20	15	16 %	11 %
Europe	Women	51	57	74 %	85 %	42	63	20 %	32 %	13	19	17 %	25 %	106	139	30 %	40 %
	Men	69	51	100 %	75 %	36	40	24 %	28 %	7	7	9 %	9 %	112	98	38 %	34 %
Total	**Women**	**528**	**477**	**104 %**	**105 %**	**743**	**812**	**28 %**	**32 %**	**149**	**157**	**14 %**	**17 %**	**1,420**	**1,446**	**34 %**	**37 %**
	Men	**677**	**637**	**115 %**	**122 %**	**540**	**557**	**14 %**	**15 %**	**213**	**232**	**9 %**	**11 %**	**1,430**	**1,426**	**22 %**	**22 %**
	Total	**1,205**	**1,114**	**110 %**	**114 %**	**1,283**	**1,369**	**20 %**	**22 %**	**362**	**389**	**11 %**	**13 %**	**2,850**	**2,872**	**26 %**	**28 %**

1. Africa: Algeria and Morocco. Americas: Brazil, Canada, Colombia,Mexico and Peru. Asia: China, UAE, Malaysia and Singapore. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom.
2. The total employee turnover rate excluding temporary employees was 7 % in 2023 (2022: 7 %).
3. The percentages of over 100% reflect high volumes of hiring and departures at the service stations.

Involuntary departures by age, gender and employee category

		< 30		30-50		> 50		Total	
Employee category	**Gender**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Executives	Women	—	—	—	—	—	—	—	—
	Men	—	—	—	—	6	4	6	4
Department heads	Women	—	—	1	1	4	6	5	7
	Men	—	—	6	2	8	10	14	12
Senior-level technical staff	Women	—	—	3	6	2	1	5	7
	Men	—	—	7	1	2	6	9	7
Mid-level technical staff	Women	—	—	2	7	—	3	2	10
	Men	—	—	2	1	5	5	7	6
Specialists	Women	7	2	12	17	4	3	23	22
	Men	7	6	18	14	3	13	28	33
Clerical staff	Women	1	—	1	2	2	1	4	3
	Men	—	—	—	1	1	—	1	1
Assistants	Women	—	—	1	—	1	—	2	—
	Men	—	—	—	—	—	—	—	—
Total	**Women**	**8**	**2**	**20**	**33**	**13**	**14**	**41**	**49**
	Men	**7**	**6**	**33**	**19**	**25**	**38**	**65**	**63**
	Total	**15**	**8**	**53**	**52**	**38**	**52**	**106**	**112**

Absenteeism

Hours of absenteeism[1]

2023	2022
894,219	1,090,451

1. Hours of absenteeism do not include hours for work-related injuries or occupational disease.

2.3.4
Training

[GRI 404-1] Hours of training per year and per employee

Total and average hours of training per employee by category and gender

		2023			2022		
		Female	Male	Total	Female	Male	Total
Executives	Hours	1,649	2,540	4,189	1,186	2,674	3,860
	Average	40	25	30	33	26	28
Department heads	Hours	10,555	18,570	29,124	10,311	25,181	35,492
	Average	47	34	37	51	46	47
Senior-level technical staff	Hours	31,443	72,942	104,385	33,701	77,185	110,886
	Average	41	49	46	47	54	52
Mid-level technical staff	Hours	11,016	43,619	54,635	13,678	43,249	56,927
	Average	31	50	45	36	49	45
Specialists	Hours	44,431	160,221	204,652	36,825	160,106	196,931
	Average	16	45	32	15	48	34
Clerical staff	Hours	676	148	824	951	567	1,518
	Average	15	5	11	23	17	21
Assistants	Hours	83	2,950	3,034	269	5,090	5,359
	Average	2	78	38	10	89	64
Total	**Hours**	**99,853**	**300,991**	**400,843**	**96,921**	**314,052**	**410,973**
	Average	**24**	**45**	**37**	**25**	**49**	**40**

Investment in training

Investment in training: total and per employee (€)

	2023	2022
Investment in training	7,606,831	4,909,357
Investment in training per employee	700	476

2.3.5
Remuneration

[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.

Remuneration of executive directors and senior managers comprises fixed remuneration, short- and long-term variable remuneration, and benefits (primarily pension plans, company car, petrol, parking and medical insurance, life and accident insurance).

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 selected an outside consultant (Korn-Ferry) to analyse its senior management remuneration policies with respect to both structure and competitiveness. In the wake of that analysis, the committee proposed an action plan for bringing senior management remuneration in line with the structure and levels desired. In 2018 and in 2022, the Nomination and Compensation Committee again asked Korn Ferry to review the remuneration structure and competitiveness. It concluded both times that the plan was satisfactory as is and should continue to apply.

[GRI 405-2] Ratio of basic salary and remuneration of women to men

Ratio of remuneration of women to men by employee category and significant location[1,2]

	Executives		Department heads		Senior-level technical staff		Mid-level technical staff		Specialists		Clerical staff		Assistants	
Region	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Spain	0.80	0.83	0.89	0.93	0.91	0.92	0.81	0.81	0.73	0.71	0.88	0.95	0.79	0.92
Africa	—	—	—	—	0.81	1.38	1.53	0.66	—	—	—	1.38	—	—
Americas	—	—	0.82	0.88	0.82	0.74	0.55	0.71	0.93	1.08	—	3.33	—	5.13
Asia	—	—	1.51	0.79	1.03	0.95	0.85	—	1.08	0.76	0.62	0.86	—	—
Europe	—	—	0.66	0.81	0.97	0.92	0.87	0.90	1.07	1.10	—	0.42	—	—
Total	**0.80**	**0.83**	**0.90**	**0.93**	**0.91**	**0.91**	**0.81**	**0.82**	**0.73**	**0.71**	**0.89**	**0.89**	**0.73**	**0.94**

1. Ratio of women to men: average remuneration of women/average remuneration of men.
2. Empty cells correspond to disclosures for which there are no employees of both genders.

To prevent biases, our remuneration policies set common criteria for determining salaries and seek maximum objectivity in their application. Each of our companies has a remuneration register in accordance with the law so that we can analyse the gender pay gap continually.

Considering all of our company's employees, the gross pay gap is 29.29%. This is very generic figure, since pay conditions are different in each of the countries in which we have operations. Therefore, we also conducted a more in-depth analysis for the countries with the largest headcounts, i.e. Spain and Portugal. The gross gender pay gap decreased in both Spain (to 29.18% from 30.05% in 2022) and Portugal (to 19.75%, from 21.96%). We also calculated the adjusted gender pay gap, comparing jobs of equal value held by people with similar characteristics. These readings also improved year-on-year, to 3.82% , from 4.33% in 2022, and to 1.12% in Portugal, from 2.85% in 2022, thanks to higher average growth in the fixed and total remuneration earned by women in 2023 as a result of our policies and efforts to reduce the gender pay gap.

Average remuneration

Average remuneration by employee category, age and gender (€)

		2023	2022
Employee category	Executives	374,785	386,803
	Department heads	113,430	110,906
	Senior-level technical staff	61,021	59,487
	Mid-level technical staff	43,626	41,699
	Specialists	25,807	25,319
	Clerical staff	29,392	27,887
	Assistants	20,644	18,776
Age group	< 30	22,977	22,616
	30-50	44,998	43,978
	> 50	55,096	56,089
Gender	Female	36,624	35,779
	Male	51,794	51,435

Average remuneration by employee category and gender (€)

	2023		2022	
Employee category	**Female**	**Male**	**Female**	**Male**
Executives	319,099	397,616	336,572	404,359
Department heads	104,890	116,911	105,121	113,043
Senior-level technical staff	57,225	63,008	55,678	61,383
Mid-level technical staff	37,490	46,180	36,102	44,077
Specialists	21,296	29,263	20,603	28,886
Clerical staff	28,034	31,473	26,478	29,637
Assistants	17,510	24,025	18,004	19,143

In 2023 the members of the Board of Directors (made up of 11 people in 2023 and 10 in 2022) earned the following amounts of remuneration: €5.0 million of fixed and variable remuneration (2022: €4.6 million), €2.7 million of meeting attendance fees (2022: €2.8 million) and €0.7 million of other items (2022: €1.2 million).

[GRI 2-21] Annual total compensation ratio

The ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all employee[1,2]

2023	2022	The change in the annual total compensation ratio
44.60	43.33	2.3

1. The compensation ratio, and also the ratio of the increase, are calculated considering the average total remuneration received by the Management Committee. In the total remuneration received by the members of the Management Committee, variable remuneration, which is calculated as a function of performance, commands a significant weight. As a result, it is not really a ratio of the percentage increase in wages but rather in the total amount of compensation received as a result of a healthy earnings performance in 2022.
2. The ratio considers the employees in 2023 that were employed by the company in 2022.

2.3.6

Labour relations

[GRI 2-30] Collective bargaining agreements

Employees covered by collective bargaining agreements by country (%)

Country	2023	2022
Algeria	— %	— %
Belgium	— %	— %
Brazil	91 %	92 %
Canada	— %	— %
China	— %	— %
Colombia	— %	— %
United Arab Emirates	— %	— %
Spain	91 %	90 %
Italy	80 %	86 %
Morocco	— %	— %
Malaysia	— %	— %
Mexico	75 %	92 %
Netherlands	— %	— %
Peru	— %	— %
Portugal	98 %	98 %
United Kingdom	— %	— %
Singapore	— %	— %
Total	**87 %**	**87 %**

2.4

Occupational health and safety

2.4.1

Work-related injuries

[GRI 403-9] Work-related injuries

The most common types of injuries sustained by employees and contractors are: getting trapped, slipping and tripping, explosions and burns, falling from a height, overexertion and pulled muscles.

The work-related hazards that pose a risk of high-consequence injuries are: falling from a height, being struck by falling objects, getting trapped, contacts with electricity and exposure to toxic and hazardous chemical products. In addition, process incidents could physically harm our employees.

Safety indicators for employees and contractors

		Employees		Contractors	
		2023	**2022**	**2023**	**2022**
Hours worked	Amount	16,851,973	16,393,493	11,389,349	10,239,959
Recordable work-related incidents	Amount	12	16	23	29
	TRIR[1]	0.71	0.98	2.02	2.83
Lost-time work-related incidents	Amount	10	9	10	18
	LWIF[2]	0.59	0.55	0.88	1.76
Days lost by lost workday incidents	Amount	685	1,030	534	662
	Rate[3]	41	63	47	65
High-consequence work-related injuries	Amount	—	—	1	1
	Rate[4]	—	—	0.09	0.10
Fatalities	Amount	—	—	—	—
	Rate[5]	—	—	—	—

1. TRIR: (Number of recordable incidents/total number of hours worked) x 1,000,000
2. LWIF: (Number of lost-time incidents/total number of hours worked) x 1,000,000
3. Injury severity rate: (Number of days lost/total number of hours worked) x 1,000,000
4. Rate: (Number of high-consequence incidents/total number of hours worked) x 1,000,000
5. Rate: (Number of fatalities/total number of hours worked) x 1,000,000

[SASB EM-EP-320a.1 / EM-RM-320a.1 / RT-CH-320a.1] Near-miss frequency rate

Near-miss frequency rate[1]

2023	2022
4.95	9.99

1. Rate: (Number of near misses/total number of hours worked) x 200,000

[RT-CH-320 a.2] Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks:

We have a series of initiatives for assessing, monitoring and reducing our employees' exposure to long-term health risks. Those efforts include: facility design so as to ensure safe working conditions; measurements and controls; maintenance; risk assessments; emergency plans; personal protection gear; medical check-ups and training programmes.

More specifically, at places of work with potential exposure to chemical or physical agents, carcinogens or mutagens, samples and measurements are taken regularly by external safety experts. We also measure and control lighting and other environmental conditions. At places of work potentially exposed to ionising radiation, we have radiation metres and dosimetry systems for areas and individuals and dosimetry records are kept on file.

2.4.2

Process incidents

Process safety incidents

2023			2022		
Tier 1	**Tier 2**	**Total**	**Tier 1**	**Tier 2**	**Total**
4	9	13	4	12	16

Of the 13 Tier 1 or 2 process incidents recorded in 2023, 10 took place at our industrial sites, two at our service stations and one on a product transportation line.

[SASB EM-EP-540a.1 / SASB EM-RM-540a.1 / SASB RT-CH-540a.1] Process safety event

Process safety event (PSE) rate[1]

2023			2022		
Tier 1	**Tier 2**	**Total**	**Tier 1**	**Tier 2**	**Total**
0.14	0.32	0.46	0.15	0.45	0.60

1. PSE rate: (Number of process incidents/total number of hours worked) x 1,000,000.

2.5

Suppliers

2.5.1

Supplier assessment

[GRI 414-1] New suppliers that were screened using social criteria

New suppliers that were screened using social criteria (%)[1]

	2023	2022
	58 %	62 %

1. Includes segment V which, given its low amount, is not covered by procurement procedures. Of the total 377 suppliers, 152 are covered by the procurement area. Those that are not are not required to undergo the complete process.

[GRI 414-2] Negative social impacts in the supply chain and actions taken

Detection of negative impacts in the supply chain and corrective measures taken[1]

	2023	2022
Suppliers that were screened using social criteria (no.)	1,482	1,211
Suppliers identified as having significant (actual and potential) negative social impacts (no.)	—	—
Suppliers identified as having significant (actual and potential) negative social impacts with which improvements were agreed upon as a result of assessment (%)	— %	— %
Suppliers identified as having significant (actual and potential) social impacts with which relationships were terminated as a result of assessment, and why (%)	— %	— %

1. The number provided is the number of active suppliers with ESG scores. The 2022 figure has been updated to align it with the established criterion. The percentage of active suppliers within the scope (>€25,000) with scores is 74%.

We consider the following to be significant negative social 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 breaches have been detected.
- Social: suppliers with a specific high risk (country, ESG or human rights), with an unfavourable performance assessment along 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 significant negative impact in 2023.

Screening and audits

Supply chain assessments and audits

	2023	2022
Assessments carried out (no.)	2,244	1,473
Suppliers assessed due to criticality (no.)	771	560
Critical suppliers that have been assessed (%)	99 %	99 %
Suppliers with risk cards (no.)	3,031	2,830
Suppliers that underwent additional compliance analysis (no.)	373	278
In situ audits (no.)	97	160
Active suppliers with current audit (no.)	216	215
Suppliers that have implemented a non-conformity plan (no.)	114	156

Critical suppliers

Total critical suppliers and assessment levels[1,2]

	2023	2022
Total Tier 1 suppliers	3,394	3,288
Significant Tier 1 suppliers	811	820
Spending on significant Tier 1 suppliers (%)	91 %	91 %
Significant non-Tier 1 suppliers	261	769
Significant suppliers assessed through written or on-site assessments (no.)	1,072	1,589
Significant suppliers assessed (%)	100 %	100 %

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 procurement spent.

2.5.2

Description of the supply chain

[GRI 2-6] Activities, value chain and other business relationships

Suppliers by segment (%)[1]

	2023	2022
Segment I	2.2 %	2.3 %
Segment II	5.5 %	4.3 %
Segment III	6.9 %	9.0 %
Segment IV	38.2 %	36.9 %
Segment V	47.3 %	47.4 %

1. Segment I: Cepsa's main suppliers considered very high impact (strategic), representing more than 50% of annual procurement spend. Segment II: Cepsa's main suppliers considered high impact, representing 20-25% of annual procurement spend. 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 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. Segment V: The so-called tail spend.

Suppliers by region (%)

	2023	2022
Spain	46.9 %	46.1 %
Africa[1]	0.1 %	— %
Americas[2]	34.3 %	34.6 %
Asia and Oceania[3]	8.3 %	8.3 %
Europe[4]	10.4 %	11.0 %

1. Africa: South Africa.
2. Americas: Brazil, Canada, Chile, Colombia, the United States, Mexico, Peru, Puerto Rico and Uruguay.
3. Asia and Oceania: China, India, Malaysia, New Zealand, Singapore and UAE.
4. Europe: EU countries and Turkey.

[GRI 204-1] Proportion of spending on local supplier

Spending on local suppliers (%)[1]

	2023	2022
Spain	39.8 %	37.9 %
Colombia	46.7 %	45.4 %
Brazil	59.4 %	67.6 %
Rest of Europe	— %	— %
China	47 %	56 %
Portugal	13.6 %	17.7 %
Peru	9 %	14.4 %
Canada	86 %	90.7 %
Other	— %	11 %
Total	36.2 %	34.7 %

1. Supplier based in the same geographic market as the facilities or plant of the contracting Cepsa company.

2.6

Ethics and human rights

2.6.1

Integrity Channel

[GRI 2-26] Mechanisms for seeking advice and raising concerns

Requests for advice and complaints received via the Integrity Channel by type[1]

	Number of requests for advice received		Total number of complaints received	
Types of requests for advice	**2023**	**2022**	**2023**	**2022**
Anti-bribery and anti-corruption	10	—	3	—
International trade	—	—	—	—
Fair trade and anti-trust	1	1	1	—
Inappropriate conduct, discrimination and other workplace conflicts	11	2	52	34
Conflicts of interest	14	3	1	1
General enquiries	—	—	—	—
Asset control and management	—	1	18	18
Control, governance and compliance in our operations	4	—	1	—
Personal data, confidentiality and privacy	5	5	3	1
Human rights	—	1	—	—
Inside information and market manipulation	2	—	—	—
Anti-money laundering and counter terrorist financing measures	—	—	—	—
Media and information transparency	1	1	—	—
Other concerns	14	2	1	—
Harassment prevention	2	—	19	8
Intellectual and industrial property	—	—	—	—
Environmental protection and energy transition	—	1	2	—
Relations with government, authorities and unions	10	—	1	—
Relations with partners, suppliers, customers and other stakeholders	190	160	21	11
Occupational health and safety	1	—	28	29
Use of new technologies	—	—	—	—
Total	**265**	**177**	**151**	**102**

1. We have modified the management system used to communicate ethics-related breaches and enquiries to align it with the contents of Law 2/2023 on whistleblower protection, updating the classification system.

In 2023 and 2022 we responded to 100% of requests for advice and complaints received.

Disciplinary and corrective actions taken as a result of breaches notified via the Integrity Channel

		2023	2022
Disciplinary measures	Dismissal	18	24
	Suspension of employment and pay	23	18
	Written warning	12	22
	Verbal warning	3	1
	Ruled out for promotion	1	1
	Discontinued	1	
Corrective measures	Communication action	13	5
	Training action	8	3
	Control measure	4	—
	Job transfer	1	1
	Other	16	8
Preventive measures		2	—
Unsubstantiated		36	19

2.6.2
Anti-corruption

[GRI 205-1] Operations assessed for risks related to corruption

	2023	2022
Internal audit projects with an anti-corruption/anti-fraud component (no.)	18	10
Crime prevention model (CPM) controls in place to mitigate corruption risk (no.)	298	226
Internal control over financial reporting system (ICFR) controls in place to mitigate fraud risk (no.)	535	556

[GRI 205-2] Communication and training about anti-corruption policies and procedures

Employees that anti-corruption policies and procedures were communicated to, broken down by employee category and region

		Spain		Africa[1]		Americas[2]		Asia[3]		Europe[4]		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Management Committee	No.	10	12	—	—	—	—	—	—	—	—	10	12
	%	91 %	100 %	— %	— %	— %	— %	— %	— %	— %	— %	91 %	100 %
Managers	No.	127	123	—	—	1	1	1	3	—	—	129	127
	%	98 %	99 %	— %	— %	100 %	100 %	100 %	100 %	— %	— %	98 %	99 %
Department heads	No.	660	625	38	25	41	40	14	30	18	18	771	738
	%	99 %	100 %	97 %	69 %	100 %	100 %	100 %	100 %	100 %	100 %	99 %	98 %
Senior-level technical staff	No.	1,950	1,869	38	20	131	126	31	41	68	60	2,218	2,116
	%	99 %	100 %	93 %	61 %	98 %	96 %	91 %	98 %	96 %	100 %	99 %	99 %
Mid-level technical staff	No.	1,048	1,084	11	16	48	54	19	20	69	79	1,195	1,253
	%	97 %	99 %	92 %	100 %	100 %	96 %	95 %	100 %	101 %	100 %	98 %	99 %
Specialists	No.	2,474	2,456	7	6	178	149	59	60	71	47	2,789	2,718
	%	44 %	48 %	100 %	100 %	98 %	90 %	98 %	100 %	15 %	10 %	44 %	46 %
Clerical staff	No.	38	33	1	3	9	10	19	19	1	4	68	69
	%	84 %	87 %	100 %	100 %	100 %	100 %	95 %	100 %	67 %	100 %	89 %	93 %
Assistants	No.	38	40	—	1	1	19	—	1	1	—	40	61
	%	57 %	82 %	— %	100 %	100 %	100 %	— %	100 %	9 %	— %	51 %	73 %
Total	**No.**	**6,345**	**6,242**	**95**	**71**	**409**	**399**	**143**	**174**	**228**	**208**	**7,220**	**7,094**
	%	**66 %**	**69 %**	**95 %**	**75 %**	**98 %**	**95 %**	**96 %**	**99 %**	**35 %**	**33 %**	**66 %**	**69 %**

1. Africa: Algeria and Morocco
2. Americas: Brazil, Canada, Colombia, the United States, Mexico and Peru.
3. Asia: China, UAE, Malaysia and Singapore.
4. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

Employees that received training on anti-corruption policies and procedures, broken down by employee category and region

		Spain		Africa[1]		Americas[2]		Asia[3]		Europe[4]		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Management Committee	No.	10	—	—	—	—	—	—	—	—	—	10	—
	%	91 %	— %	— %	— %	— %	— %	— %	— %	— %	— %	91 %	— %
Managers	No.	111	48	—	—	1	—	1	1	—	—	113	49
	%	86 %	39 %	— %	— %	100 %	— %	100 %	33 %	— %	— %	86 %	38 %
Department heads	No.	622	171	33	11	32	2	14	5	17	—	718	189
	%	94 %	27 %	85 %	31 %	78 %	5 %	100 %	17 %	94 %	— %	92 %	25 %
Senior-level technical staff	No.	1,803	264	27	7	106	16	26	1	53	2	2,015	290
	%	92 %	14 %	66 %	21 %	79 %	12 %	76 %	2 %	75 %	3 %	90 %	14 %
Mid-level technical staff	No.	855	196	7	5	43	2	4	—	48	5	957	208
	%	79 %	18 %	58 %	31 %	90 %	4 %	20 %	— %	70 %	6 %	78 %	16 %
Specialists	No.	1,870	1,109	3	2	142	2	30	2	53	2	2,098	1,117
	%	33 %	21 %	43 %	33 %	78 %	1 %	50 %	3 %	11 %	— %	33 %	19 %
Clerical staff	No.	30	3	—	1	4	1	19	—	2	1	55	6
	%	67 %	8 %	— %	33 %	44 %	10 %	95 %	— %	133 %	25 %	72 %	8 %
Assistants	No.	20	18	—	1	1	—	—	1	—	—	21	20
	%	30 %	37 %	— %	100 %	100 %	— %	— %	100 %	— %	— %	27 %	24 %
Total	**No.**	**5,321**	**1,809**	**70**	**27**	**329**	**23**	**94**	**10**	**173**	**10**	**5,987**	**1,879**
	%	**56 %**	**20 %**	**70 %**	**28 %**	**79 %**	**5 %**	**63 %**	**6 %**	**27 %**	**2 %**	**55 %**	**18 %**

1. Africa: Algeria and Morocco.
2. Americas: Brazil, Canada, Colombia, the United States, Mexico and Peru.
3. Asia: China, UAE, Malaysia and Singapore.
4. Europe: Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

2.6.3

Human rights in security personnel

[GRI 410-1] Security personnel trained in human rights policies or procedures

Security personnel - employees and contractors - trained in human rights policies or procedures[1]

	2023	2022
Employees	27.3 %	42.9 %
Contractors	96.9 %	100 %
Total	91.5 %	95.5 %

1. Data reported relates to operated assets in countries where human rights protection is at risk: Brazil, Algeria, Peru, Colombia and Mexico. It also includes employees in Madrid (Spain).

2.7

Stakeholders

2.7.1

Local communities

[GRI 203-1] Infrastructure investments and services supported

Community work at the operational level by type, purpose and country (€)

		2023	2022
Total		**386,640**	**235,480**
Type of contribution	Financial aid	—	—
	Project execution and development expenditure	386,640	235,480
	Processing expenditure	—	—
Purpose	One-off contribution	—	—
	Community investment	386,640	235,480
	Initiative aligned with the business	—	—
Type of initiative	Social support	225,103	185,061
	Environmental	—	—
	Scientific-educational	161,537	50,419
	Processing expenditure	—	—
Country	Colombia	161,537	50,419
	Peru	225,103	185,061

Community work undertaken by Cepsa Foundation by type, purpose and country (€)

		2023	2022
Total		**4,275,106**	**4,225,607**
Type of contribution	Financial aid	2,707,773	2,851,738
	Project execution and development expenditure	1,042,705	982,366
	Processing expenditure	524,628	391,503
Purpose	One-off contribution	2,290,887	2,035,023
	Community investment	1,984,219	2,190,584
	Initiative aligned with the business	—	—
Type of initiative	Social support	1,968,961	1,808,750
	Environmental	885,220	1,182,178
	Scientific-educational	896,297	843,176
	Processing expenditure	524,628	391,503
Country	Spain	3,437,966	3,374,120
	Algeria	10,000	20,000
	Colombia	545,827	568,712
	Peru	203,536	176,559
	Portugal	77,777	86,216

[GRI 203-2] Significant indirect economic impacts

Community work initiatives at the operational level within 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. Social fabric reinforcement workshops and skill-building; celebration of Women's Day; and the Casanare Palpita project.
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 for local business owners to hone their skills in occupational health and safety, administrative and sales 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.
Support for communities and institutions as part of the Puntero project abandonment process.	Colombia	Ad-hoc contributions to six hamlets in the area of influence, lending support for local families' productive activities. Workshops on the recovery of sugar canes and reinforcement of educational institutions.
Support for communities and institutions as part of the Jilguero-Tiple-Garibay project abandonment process.	Colombia	Ad-hoc contributions to three hamlets in the area of influence (Vigía Trompillo, Carupana and Mata de Urama). Tourist route planning in the town of Tauramena. Skill-building for local officials.
Support for communities and institutions as part of the Merecure project abandonment process.	Colombia	Ad-hoc contributions to 25 hamlets forming part of the road corridor and direct area of influence of the Merecure block, specifically including assistance with families' living plans, breeding projects, technological equipment and tools for educational centres.
Health campaign	Peru	In conjunction with our health officers, we helped the towns within our area of influence by donating medicine, furniture, medical equipment, computers and office equipment.
School campaign	Peru	Donation of audiovisual equipment for primary and secondary school classrooms at the Jaime Tseng school in Macuya.
Macuya road upgrade - Summer Plan II	Peru	Upgrade of the local roads of Macuya as part of a multi-stakeholder partnership between Cepsa and the town of Puerto Inca.
Sustainability Plan	Peru	Technical consultancy to diagnose the state of the local roads in the town of Macuya with the aim of identifying those most relied on and apt for resurfacing using public sources of financing.
Productive projects	Peru	Reinforcement of productive capabilities in the cacao chain for grower families in the towns of Macuya, Los Ángeles and Primavera.
Tubular well drilling	Peru	Drilling of a tubular well for the supply of drinking water to the town of Macuya.

Noteworthy initiatives pursued by the Foundation in 2023:

Name of initiative	Scope	Country	Description of initiative and associated impact
SDGs in school	Social support - School-goers	Spain	Volunteering programme aimed at teaching primary school children about the Sustainable Development Goals and 2030 Agenda. We also developed an adapted version for students with intellectual disabilities.
Cepsa and employability	Social support – Job seekers	Spain	Volunteering programme aimed at helping job seekers join the labour market through by providing training to complement the employability programmes run by social entities such as the Santa María La Real Foundation.
Food distribution assistance	Social support – Vulnerable families	Algeria, Spain and Portugal	Support for food drives for vulnerable families, this being one of Cepsa's most established initiatives across a number of locations.
Emergency relief	Social and environmental support - Society in general	Morocco and Spain	Donation of €24,000 to Red Cross Spain to support its efforts to assist the victims of the earthquake in Morocco. With the town hall of Tenerife, we also donated €24,000 to help with the recovery of the area affected by the fire in the Teide National Park (Canaries).
Help with energy efficiency for vulnerable groups	Social and environmental support - Homeless people and vulnerable families	Spain	We worked with the town council of Algeciras to improve energy efficiency at a new night shelter for the homeless in the Pescadores neighbourhood. In addition, our volunteers, having first received training on energy savings from ECODES, participate in diagnosing the energy efficiency of vulnerable households, making recommendations about how to save.
Staff environmental awareness drives.	Positive environmental impact	Spain	In Santa Cruz de Tenerife we organised our second Biodiversity Seminar event where people come together to reflect on and share knowledge about nature recovery and conservation projects.
ComFuturo, programme with the CSIC Foundation	Science learning - Researchers	Spain	We participated in the third edition of the ComFuturo programme, a public-private partnership aimed at capturing young talent and fostering innovative research addressing issues such as climate change, energy harnessing, waste recovery and GHG emission abatement.
Micro research projects with the Cepsa Foundation's University Chairs	Science learning - University students	Spain	Through the Cepsa Foundation's Chairs at the universities of Cadiz, La Laguna, Huelva and Malaga and with Madrid's Polytechnic University's School of Mining and Energy, annually we fund embryonic-stage research related with energy storage, decarbonisation, the circular economy, waste and pollution recovery, biofuels, energy efficiency, green hydrogen, CO_2 capture and conversion, carbon footprinting, climate change and technological innovation.
Science fairs	Science learning – Teenagers and youths	Spain	Support for a number of scientific dissemination initiatives so as to share the work and outcomes of researchers with young people in an amenable and attractive manner. We collaborated with the International Science Days (Cadiz), La Orotava Science Fair (Canaries) and Macaronight and its Scientific Careers Fair.

Grievances from local communities

Grievances from local communities in Exploration & Production

	2023	2022
Grievances (no.)	17	24
Grievances addressed and resolved (no.)	12	23
Grievances addressed and resolved (%)	71 %	96 %
Grievances resolved through remediation (no.)	—	4
Grievances resolved through remediation (%)	— %	17 %

Grievances from local communities in industrial facilities in Spain

	2023	2022
Grievances (no.)	5	—
Grievances addressed and resolved (no.)	5	—
Grievances addressed and resolved (%)	100 %	— %
Grievances resolved through remediation (no.)	5	—
Grievances resolved through remediation (%)	100 %	— %

Active community engagement

Consultations with local communities around Exploration & Production assets

	2023	2022
Assets in local communities (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 (%)	100 %	100 %

2.7.2

Customers

Grievance management

Requests and grievances received and answered

		2023	2022
Requests received	Total number	581,751	581,016
	Number answered	573,750	576,201
Grievances unsubstantiated	Total number	266	221
	Number answered	266	221
Grievances substantiated	Total number	562	374
	Number answered	562	374
Grievances outstanding	Total number	8	1

2.7.3

Institutional relations

[GRI 2-28] Membership of associations

Contributions to initiatives and associations (€)[1]

	2023	2022
Contributions to industry advocacy organisations	881,022	868,334
Total	**2,936,742**	**2,894,448**

1. The expense reported reflects total spending on associations, including spending on associations that advocate for the company's industry. Under no circumstances can that expenditure be considered spending on lobbying or defence of self-interests; nor is it spending on local, regional or national political campaigns, political parties or candidates or spending related with policy or elections. The company bans political and electoral contributions and spending on lobbying under any circumstances.

Main contributions by industry (€)[1,2]

Industry	2023	2022
Energy industry	266,401	232,888
Chemical industry	176,589	111,461

1. Energy industry: percentage share in AOP, Fuels Europe, the Spanish Hydrogen Association, Hydrogen Europe, GASNAM and Eurogas of expenditure earmarked for industry advocacy activities. Cepsa joined Hydrogen Europe and GASNAM in 2023.
2. Percentage share in CEFIC and FEIQUE of expenditure earmarked for industry advocacy activities.

Main contributions by organisation (€)

Organisation	2023	2022
AOP	117,600	102,000
CEFIC	145,449	83,081
Fuels Europe	135,638	127,763

2.8
EU taxonomy

The EU Taxonomy Regulation does not directly apply to Cepsa. However, we report, voluntarily, the proportion of our economic activities that contribute to one or more of the EU's environmental objectives. We see the Taxonomy as a further measuring stick for assessing our strategic transformation into a key player in the energy transition, by diversifying our products and services and developing new and increasingly sustainable business lines. 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. In 2023 we moved along our roadmap for transforming our business model, reporting Taxonomy-aligned CapEx of 15.06% compared to 5.59% the year before.

2.8.1
Setting the scene

The 2015 Paris Agreement led the European Union (EU) to draw up the European Green Deal and the Sustainable Finance Action Plan. These efforts seek to channel investments towards a circular, competitive and climate-neutral economy. In line with this initiative, the EU developed the 'green' Taxonomy regulatory framework to identify sustainable activities and increase capital flows into these activities.

It started up this framework in June 2020, with Regulation (EU) 2020/852 (the "Taxonomy Regulation"), and continued in 2021 with Commission Delegated Regulation (EU) 2021/2139 (the "Climate Delegated Regulation") and Commission Delegated Regulation (EU) 2021/2178 (the "Disclosure Delegated Regulation"). In 2022, it added Commission Delegated Regulation (EU) 2022/1214 on the nuclear energy and gas sectors, establishing the technical screening criteria for other environmental objectives.

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.
- 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; and

    c. They comply with the minimum safeguards.

2.8.2
Cepsa's Taxonomy-eligible and aligned activities

We conduct our business with a view to increasing our Taxonomy-eligible and aligned expenditure and turnover. By promoting these strategic thrusts, we can cover more of the economic activities outlined in the Regulation that qualify as contributing substantially towards climate neutrality.

Therefore, considering developments in the Taxonomy Regulation, we conducted an assessment to identify the economic activities listed in the delegated acts that match the activities carried on by the company.

For the first time this year, we assessed which activities could be subject to the screening criteria for the four remaining environmental objectives following the publication of Commission Delegated Regulation (EU) 2023/2486. We studied the different annexes outlining the activities related to the objectives covering protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity, determining that we do not have any eligible activities.

We assessed each of the three KPIs, identifying the Taxonomy-eligible activities shown below. For Cepsa, these relate to the objective of substantial contribution to climate change mitigation:

Activity	Taxonomy activity code	Description of the activity
3.1	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
4.1	Electricity generation using solar photovoltaic technology	Development of solar power plants (photovoltaic)
4.3	Electricity generation from wind power	Operation of wind farms
4.13	Manufacture of biogas and biofuels for use in transport and of bioliquids	Production of biofuels and co-processing activities at the Energy Parks
4.29	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	Innovation centre activities

2.8.3
Activity selection and compliance assessment process

To provide disclosures on our EU Taxonomy-eligible and aligned economic activities, we segmented each of our activities into the "most fine-grained units of analysis"; i.e. the lowest level to determine which are eligible and which comply with the alignment criteria laid down in the Taxonomy Regulation.

We analysed the eligible activities' substantial contribution to the climate change mitigation objective, determining their performance and assessing potential compliance with the substantial contribution limits and requirements stipulated in the regulation and determining those activities that are potentially aligned.

We also assessed the DNSH or 'Do not significant harm' criteria through an ad-hoc corporate-wide and facility-specific study to factor in the technical characteristics of each in the analysis..

Specifically, in relation to 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.

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, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We reviewed documentation, such as the Code of Ethics and Conduct, corporate policies, operating procedures, the internal control system and employee training programmes.

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. In all instances, the process was sufficiently granular to ensure the absence of any double-counting.

2.8.4
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 total consolidated revenue (denominator) for 2023.

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 2023 Integrated Report.

The CapEx KPI is defined as Taxonomy-eligible and/or aligned CapEx (numerator) divided by total CapEx (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 (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.

2.8.5

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 2023

2023	Year			Substantial contribution criteria						DNSH criteria ("Do Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover, 2023	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16))	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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	CCM 3.10.	0	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		
Manufacture of organic basic chemicals	CCM 3.14.	8,030	0.03 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		T
Electricity generation using solar photovoltaic technology	CCM 4.1.	0	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		
Electricity generation from wind power	CCM 4.3.	3,714	0.01 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.02 %		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	0	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	76	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	0	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %	E	
Close to market research, development and innovation	CCM 9.1.	0	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**11,820**	**0.05 %**	**— %**	**— %**	**— %**	**— %**	**— %**	**— %**	**-**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.02 %**	**—**	**—**
Of which: Enabling		76	— %	— %	— %	— %	— %	— %	— %	-	Y	Y	Y	Y	Y	Y	— %	E	—
Of which: Transitional		8,030	— %							-	Y	Y	Y	Y	Y	Y	— %		T

2023	Year			Substantial contribution criteria						DNSH criteria ("Do Not Significantly Harm")									
Economic activities (1)	**Code(s) (2)**	**Turnover (3)**	**Proportion of turnover, 2023**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€k	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of hydrogen	CCM 3.10.	0	— %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	—	—	—	—	—	—	—	— %	—	—
Manufacture of organic basic chemicals	CCM 3.14.	2,382,950	9.47 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	—	—	—	—	—	—	—	9.61 %	—	—
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	12,738	0.05 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	—	—	—	—	—	—	—	0.03 %	—	—
Electricity generation from fossil gaseous fuels	CCM 4.29.	0	— %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	—	—	—	—	—	—	—	— %	—	—
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30.	212,624	0.85 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL	—	—	—	—	—	—	—	2.07 %	—	—
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,608,312	10.37 %	10.37 %	— %	— %	— %	— %	— %								11.73 %	—	—
Total (A.1+ A.2)		**2,620,131**	**10.41 %**	**10.41 %**	**— %**	**— %**	**— %**	**— %**	**— %**								**11.73 %**	**—**	**—**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		22,538,690	89.59 %																
Total (A + B)		**25,158,821**	**100 %**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM[58]	0.05 %	10.37 %
CCA[59]	— %	— %
WTR[60]	— %	— %
CE[61]	— %	— %
PPC[62]	— %	— %
BIO[63]	— %	— %

[58] Climate change mitigation: CCM
[59] Climate change adaptation: CCA
[60] Water and marine resources: WMR
[61] Circular economy: CE
[62] Pollution prevention and control: PPC
[63] Biodiversity and ecosystems: BIO

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

2023	Year			Substantial contribution criteria						DNSH criteria ("Do Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1 or eligible (A.2) CapEx, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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	CCM 3.10.	10,591	1.49 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		
Manufacture of organic basic chemicals	CCM 3.14.	2,798	0.39 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		T
Electricity generation using solar photovoltaic technology	CCM 4.1.	49,153	6.92 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	3.08 %		
Electricity generation from wind power	CCM 4.3.	2,129	0.30 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.03 %		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	12,689	1.79 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.00 %		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	22,799	3.21 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	1.97 %	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	4,128	0.58 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.26 %	E	
Close to market research, development and innovation	CCM 9.1.	2,745	0.39 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.25 %	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**107,031**	**15.06 %**	**15.06 %**	**— %**	**— %**	**— %**	**— %**	**— %**	-	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**5.59 %**		
Of which: Enabling		29,672	4.17 %	— %	— %	— %	— %	— %	— %	-	Y	Y	Y	Y	Y	Y	2.48 %	E	
Of which: Transitional		2,798	0.39 %	0.39 %						-	Y	Y	Y	Y	Y	Y	0.00 %		T

2023	Year			Substantial contribution criteria						DNSH criteria ("Do Not Significantly Harm")									
Economic activities (1)	**Code(s) (2)**	**CapEx (3)**	**Proportion of CapEx, 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1 or eligible (A.2) CapEx, 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€k	**%**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y; N; N/EL**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of hydrogen	CCM 3.10.	1,364	0.19 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.31 %		
Manufacture of organic basic chemicals	CCM 3.14.	76,916	10.82 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.49 %		
Electricity generation using solar photovoltaic technology[64]	CCM 4.1.	-4,301	(0.61) %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00 %		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	5,221	0.73 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.95 %		
Electricity generation from fossil gaseous fuels	CCM 4.29.	7	— %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								— %		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30.	9,106	1.28 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.74 %		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		88,313	12.43 %	12.43 %	— %	— %	— %	— %	— %								15.49 %		
Total (A.1+ A.2)		**195,345**	**27.49 %**	**27.49 %**	**— %**	**— %**	**— %**	**— %**	**— %**								**21.08 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		515,376	72.51 %																
Total (A + B)		**710,721**	**100 %**																

[64]Gain/loss on the derecognition of impaired assets at Mitra Epsilon, S.L.U

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM[65]	15.06 %	12.43 %
CCA[66]	— %	— %
WTR[67]	— %	— %
CE[68]	— %	— %
PPC[69]	— %	— %
BIO[70]	— %	— %

[65] Climate change mitigation: CCM
[66] Climate change adaptation: CCA
[67] Water and marine resources: WMR
[68] Circular economy: CE
[69] Pollution prevention and control: PPC
[70] Biodiversity and ecosystems: BIO

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023

2023	Year			Substantial contribution criteria						DNSH criteria ("Do Not Significantly Harm")									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx, 2023 (4	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14))	Circular economy (15)	Biodiversity (16))	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1 or eligible (A.2) OpEx, 2022 (18))	Category enabling activity (19))	Category transitional activity (20)
		€k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	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	CCM 3.10.	387	0.14 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		
Manufacture of organic basic chemicals	CCM 3.14.	2,408	0.84 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		T
Electricity generation using solar photovoltaic technology	CCM 4.1.	0	— %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	— %		
Electricity generation from wind power	CCM 4.3.	586	0.21 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.17 %		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	733	0.26 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	—		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	1	0.00 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	—	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	66	0.02 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	—	E	
Close to market research, development and innovation	CCM 9.1.	31	0.01 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	—	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4,213**	**1.48 %**	**1 %**	**— %**	**— %**	**— %**	**— %**	**— %**	-	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.17 %**		
Of which: Enabling		99	0.03 %	— %	— %	— %	— %	— %	— %	-	Y	Y	Y	Y	Y	Y	— %	E	
Of which: Transitional		2,408	0.84 %							-	Y	Y	Y	Y	Y	Y	— %		T

2023	Year			Substantial contribution criteria						DNSH criteria (“Do Not Significantly Harm”)									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx, 2023 (4	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14))	Circular economy (15)	Biodiversity (16))	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1 or eligible (A.2) OpEx, 2022 (18))	Category enabling activity (19))	Category transitional activity (20)
		€k	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of hydrogen	CCM 3.10.	20	0.01 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.24 %		
Manufacture of organic basic chemicals	CCM 3.14.	30,444	10.66 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.62 %		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	1,880	0.66 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.58 %		
Electricity generation from fossil gaseous	CCM 4.29.	0	— %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								— %		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30.	8,181	2.87 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.64 %		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		40,524	14.19 %	14.19 %	— %	— %	— %	— %	— %								14.08 %		
Total (A.1+ A.2)		**44,737**	**15.67 %**	**15.67 %**	**— %**	**— %**	**— %**	**— %**	**— %**								**14.25 %**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		240,759	84.33 %																
Total (A + B)		**285,496**	**100 %**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM[71]	1.48 %	14.19 %
CCA[72]	— %	— %
WTR[73]	— %	— %
CE[74]	— %	— %
PPC[75]	— %	— %
BIO[76]	— %	— %

[71] Climate change mitigation: CCM
[72] Climate change adaptation: CCA
[73] Water and marine resources: WMR
[74] Circular economy: CE
[75] Pollution prevention and control: PPC
[76] Biodiversity and ecosystems: BIO

Appendix 3
Key risks

The spectrum of risks to which the company is exposed can be grouped into four major categories: strategic, financial, operational and compliance. The risks itemised below could, either on a standalone basis on in combination with other risks, have a material adverse impact on implementation of our strategy, on our business operations or on our earnings performance.

Risk category	Description and control measures
Strategic risks	
Regulatory developments, energy transition and sustainability	We have aligned our strategy and operations around regulatory requirements and stakeholder expectations regarding climate change and the energy transition. Geopolitical tensions, changes in the social, economic or business environment, unexpected market changes, tighter regulations or application thereof, technology challenges and how they unfold and changes in the pace of the energy transition could have adverse effects on one or more aspects of our strategy, so having an adverse impact on the company's businesses, earning performance and financial situation. 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 2023 we updated the financial impact calculations associated with our climate change risks in keeping with TCFD recommendations, aligning the climate scenarios and calculation criteria to get more granular results. We also fine-tuned the risk map associated with our Decarbonisation Plan to reflect the progress made on our sustainability projects.
Market demand and competition risk	We operate in highly competitive markets where product differentiation poses a considerable challenge. Changes in market conditions and newcomers to the market could affect our margins and market shares. The need to speed up the energy transition process means we are facing an increasingly diverse and rapidly evolving field of competitors who are entering the 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, one of our core values.
Financial risks	
Commodity price risk	We operate all along the energy value chain. As such, we are exposed to fluctuations in commodity prices: oil, gas, CO2, electricity and by-products. Fluctuations in the commodities markets (as a result of exogenous factors) or potential supply interventions or restrictions could cause unexpected deviations in the assumptions used for planning purposes, with scope for upside as well as downside for the company. Price fluctuations, volatilities and liquidity in these markets are tracked constantly and managed using hedging strategies. Strategies are likewise devised to streamline production processes and boost efficiency, thereby reducing energy dependence and maximising margins.

Risk category	Description and control measures
Liquidity risk	Issues associated with the ability to meet all our payment obligations, whether operational (recurring) or projected (related with projects or investments), and payments arising from debt maturities, including the risk of episodes of financial market stress implying higher borrowing costs for the company. We pursue a conservative financing policy to mitigate liquidity risk, holding considerable amounts of unrestricted cash and cash equivalents and undrawn credit facilities to meet future payment obligations. 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.
Tax strategy and management	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. We are exposed to changes in the tax regulations applicable in the countries where we have operations and different interpretations of existing regulations by the taxation authorities. The main goal of our tax strategy is to ensure Group-wide compliance with applicable tax legislation in the various different jurisdictions

Operational risks	
Process, employee and environmental safety	Industrial assets and other facilities intrinsic to Cepsa's business expose it to incidents/accidents that could cause temporary business interruptions or, in the worst case scenario, damage to third parties or the environment. The safety management systems in place at all levels of the organisation are based on international standards. We run our facilities in such a way as to ensure the integrity of our operations and the existence of controls to minimise the consequences of potential accidents, as set down in our HSEQ Policy. In addition, we have formulated a new safety vision and culture - Safety in Motion - which features a safety culture action plan and company-wide awareness initiatives.
Data security	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. Our cybersecurity management is articulated around international standards, a governance model underpinned by specific policies and procedures, as well as regular reporting to the Management Committee. We use secure architectures in the IT and OT environments and have drawn up disaster recovery and incident response plans. We also provide specific training on cybersecurity and work to foster a culture of cybersecurity throughout the organisation.
Project execution risk	Implementation of our Positive Motion strategy involves the execution of numerous and ambitious projects. A shortage of the goods and services needed to execute these projects, exacerbated by geopolitical tensions that are affecting global supply chains, coupled with growing demand for parts associated with low-emissions generation technology 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, by extension, our financial performance and delivery of our strategy. Note that the prevailing macroeconomic environment, marked by globally escalating prices for equipment and raw materials, could lead to investment budget deviations. We manage this risk through in-depth planning and ongoing control of all project costs and deadlines.
Talent and culture management risk	The challenges thrown up by the energy transition and digital transformation thrusts require a new business culture shaped by more participative processes and new forms of leadership. As a company in the midst of executing an energy sector transition strategy, we are exposed to the risk of not being able to attract and retain the right talent or not being able to align our organisational models and corporate culture with these new challenges. So that our corporate culture and strategic transformation can evolve in tandem, we are rolling out a programme based on effective communication and active and inclusive leadership.

Risk category	Description and control measures
Compliance risks	
Regulatory compliance and ethical conduct	Ethical misconduct or the breach of rules and regulations expose us to criminal or administrative proceedings that could have an adverse effect on our reputation, operations, financial performance or stakeholder value. Our Code of Ethics and Conduct is designed to minimise our exposure to these risks and is underpinned by a criminal and anti-bribery compliance system certified in accordance with international standards.
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 in 2023 due to geopolitical tensions, could have severe financial impacts for the company, specifically including 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 our Control Policy on Sanctions and Embargoes in Trade Relations, Exports and Dual-Use Goods. 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 being analysed.
Litigation and arbitration	We are party to a series of administrative, judicial and arbitration proceedings in relation with claims arising in the ordinary course of business. Irrespective of the amounts being sought in each instance, it is not possible to predict the scope and final outcome of these proceedings reliably. Based on current information, management considers that these risks are reasonably covered by the amount of provisions recognised.

The main emerging risks identified include:

Emerging risks	Description and control measures
Third-party viability risks	Movements in supply chains to new locations, pressure on margins as a result of the prevailing inflation and difficulties in attracting and retaining skilled labour are affecting the viability of numerous companies. In order to be able to execute our strategic plan, we are adopting business models that will require the creation of numerous alliances at different links in the value chain. The risk that key third parties could declare bankruptcy, violate regulations of any kind or fail to live up to the standards set by the company could impact ongoing projects or even lead to episodes of business discontinuity. We have identified and assessed what impacts such a scenario could have in terms of costs, project returns and execution timeframes. To mitigate this risk we carry out exhaustive due diligence on third parties and monitor their financial and reputational performances.
Technological uncertainty associated with the energy transition	To implement the energy transition intrinsic to our strategic plan, we are executing projects based on technologies under development. The boom in research and rapid advances in new technologies could lead to the emergence of alternative technologies that could prove more efficient than those adopted by us. Such a scenario could have a significant adverse impact on the company as a result of asset obsolescence, the loss of markets or customers or the need for more capital to switch to such new and more efficient technologies. To mitigate this risk, we have set up a ‘technology radar’, so as to track trends in the main technologies associated with our business activities. We also hold annual meetings with our main technology partners and participate regularly in the leading technology seminars.
Mass availability of artificial intelligence (AI), particularly generative AI	Rapid growth in AI usage and capabilities, marked by models that are increasingly easy to deploy even by less digitally-savvy teams, the lack of technology standardisation and visibility around AI solutions within the enterprise and a regulatory environment that is still developing, is increasing exposure in areas such as privacy, cybersecurity, compliance, third-party relations, legal obligations and intellectual property. To tackle this challenge and ensure that AI is used safely and ethically, we are identifying and quantifying the possible impacts, as well as working on the development of data policies that increase awareness and tighten up compliance and setting up teams dedicated to data governance. Lastly, we have set up a multi-disciplinary team tasked with defining our AI governance framework.

Appendix 4
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 (UNE 19601) and the international standard on anti-bribery management systems (ISO 37001).

The control models audited and certified by the Assurance 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 2023, we continued to adapt our internal control system to align it with all the changes made within the organisation. In parallel, further improvements were made to the system, broadening its scope in the Exploration & Production, Commercial & Clean Energies and Mobility & New Commerce businesses. As regards the EU Taxonomy, work was done to ensure the quality of the disclosures provided.

SUPERVISION OF THE INTERNAL CONTROL SYSTEM AND THREE LINES OF DEFENCE MODEL

Internal control supervision

Board of Directors
Approves the risk control and management policy and supervises the internal reporting and control systems. Guarantees an internal control system that is conducive to generating reliable, complete and timely financial and non-financial information, laying the foundations for any other compliance programme needed.

Audit, Compliance, Ethics and Risk (CACER) Committee
Tasked with overseeing 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.

Three lines of defence model

GOVERNANCE BODIES
Accountability before stakeholders for the organisation's supervision.
Governing body's roles: honesty, leadership and transparency.

Management
Setting the tone from the top, Code of Ethics and Conduct and control policies and elements to create a conducive framework for the control system.

Internal audit
Independent assurance.

First line of defence roles: directly responsible for managing the organisation's risks and controls and for implementing and maintaining a consistently effective internal control system.

Second line of defence roles: supervising the risks, controls and compliance matters stipulated by the Board of Directors, suggesting guidelines and improvements and controlling execution by the first line.

Key units: Risk, Compliance and Internal Control, Cybersecurity and HSEQ.

Third line of defence roles: proactively ensuring that the internal control system is working properly, carrying out its duties in line with the International Standards for the Professional Practice of Internal Auditing and Quality Assessment (QA), providing independent and objective assurance on any matter related with the delivery of targets.

EXTERNAL ASSURANCE PROVIDERS

Key ↑ Accountability, reports ↓ Delegation, management resources and supervision ↔ Alignment, communication, coordination and collaboration

Internal assurance providers

External auditors and regulators independently verify that we are compliant with our requirements and performing the controls put in place to ensure the correct functioning of the corporate governance and risk management and control systems before certification.

ISAE 3000 (International Standard on Assurance Engagements)
UNE 19601 (crime prevention model certification)
ISO 37001 (international standard on anti-bribery management systems

Internal control system

Control objectives
ICFR: Provide reasonable assurance about the reliability of the financial information disclosed to the markets.
ICNFR: Provide reasonable assurance about the integrity and accuracy of the non-financial information published in the Integrated Report.

Mechanisms
Internal control manual for identifying and assessing risks, control objectives, control structures (general, process, reporting systems) and the segregation of duties.

Crime prevention model (CPM))

Control objectives
Prevent the commission of crimes within the organisation.

Mechanisms
Crime prevention policy, crime prevention manual, body of rules and procedures for identifying criminal risks and their management through internal controls.

Anti-bribery and anti-corruption model

Control objectives
Prevention of bribery and corruption related risks.

Mechanisms
Policies for preventing bribery and corruption in the public and private spheres, Crime Prevention Model, general (segregation of duties) and specific process controls.

Supervisory model

1. Review of compliance and internal control designs
2. External audit of the system's correct design and effectiveness
3. Certification of the control model by L3, L2, L1, the CEO and the control owners
4. Supervision by the CACER and regular reporting to the business L1

Appendix 5
Additional financial information

5.1

Profits

Country-by-country profits (€ thousand)

Country	2023	2022
Spain	(810,157)	266,540
Algeria	115,539	235,091
Belgium	1,471	1,589
Brazil	44,204	62,338
Canada	3,441	27,396
China	(9,555)	(721)
Colombia	29,324	90,556
United Arab Emirates	259,483	282,786
United States	(46)	(43)
Indonesia	1,197	53,471
Italy	2,350	9,249
Mexico	(4,689)	(3,642)
Morocco	3,555	1,949
Nigeria	2,687	18,025
Netherlands	83,385	2,859
Peru	8,296	13,560
Portugal	19,700	19,729
United Kingdom	7,022	13,925
Singapore	26,810	19,370
Suriname	(3,866)	(25,927)
Thailand	42	6,822
Luxembourg	(13,032)	4,739
Total	**(232,839)**	**1,099,661**

5.2

Value generated and distributed

[GRI 201-1] Direct economic value generated and distributed

Direct economic value generated (€ million)

Direct economic value generated	**2023**	**2022**
Revenue (including excise duty)	25,159	33,877
Other operating income	95	91
Finance income	377	407
Share of profit of associates	14	103
Proceeds from disposals of assets	30	22
Total	**25,675**	**34,500**

Direct economic value distributed (€ million)

Direct economic value distributed	**2023**	**2022**
Economic relationships with suppliers (including purchases of crude oil, raw materials and energy products)	20,928	28,221
Payments to capital providers	1,022	727
Shareholders	821	578
Financiers	201	149
Total taxes paid by Cepsa[1]	3,077	3,634
Total employee salaries and compensation	833	836
Investment in social programmes and initiatives	5	4
Total	**25,865**	**33,422**

1. Includes excise duty, income tax and other taxes.

Direct economic value retained (€ million)

	2023	**2022**
Direct economic value retained	-190	1,078

5.3

Additional Exploration & Production indicators

Net production volume and projected production volume (mmboe)[1, 2, 3]

	Production volume		Projections
	2023	2022	2027
Fossil	10.6	24.6	7.7
Natural gas	0.8	0.8	0.3
Total	**11.4**	**25.4**	**8.0**

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 = 6000 scf; 1 boe = 1 bbl LPG.
3. The figure reported includes production in Abu Dabi until 15 March 2023.

Net estimated hydrocarbon reserves (mmboe)[1, 2]

	2023		2022	
	Proved reserves (1P)	Proved + probable reserves (2P)	Proved reserves (1P)	Proved + probable reserves (2P)
Fossil	72.6	90.0	252.7	360.5
Natural gas	2.0	2.5	2.5	3.2
Total	**74.6**	**92.5**	**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 = 6000 scf; 1 boe = 1 bbl LPG.

Production costs ($/ BOE)[1,2]

	Weighted average for the last three years
Production costs	8.89

1. The figure reported includes production in Abu Dhabi until 15 March 2023.
2. The figures does not include the cost of workovers or of assets without production.

Appendix 6
Country-by-country reporting of taxes

[GRI 207-4] Country-by-country reporting

Country-by-country reporting 2022

Company	Tax jurisdiction	Revenues from third-party sales (€)	Revenues from intra-group transactions (€)	Total revenues (€)	Profit/(loss) before tax (€)	Income tax paid (on a cash basis) (€)	Income tax accrued. Current year (€)	Stated capital (€)	Accumulated 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 2021 (€)

Company	Tax jurisdiction	Revenues from third-party sales	Revenues from intra-group transactions	Total revenues	Profit/(loss) before tax	Income tax paid (on a cash basis)	Income tax accrued. Current year	Stated capital	Accumulated earnings	Tangible assets other than cash and cash equivalents
Spain	Spain	27,482,738,021	23,783,473,118	51,266,211,139	523,869,946	(144,282,255)	(46,571,244)	2,118,454,479	4,416,509,740	4,019,610,490
Algeria	Algeria	180,727,607	426,587,690	607,315,297	404,809,522	(244,184,800)	(167,985,643)	—	—	345,059,718
Belgium	Belgium	11,215	3,774,334	3,785,549	2,126,621	(363,798)	(537,370)	65,000	2,126,620	4,403
Brazil	Brazil	451,771,652	26,047,677	477,819,329	153,158,308	(8,605,508)	(50,815,226)	111,530,241	246,325,802	60,876,702
Canada	Canada	229,958,525	63,995,759	293,954,284	37,358,301	(15,826,044)	(9,962,696)	1,151,998	37,358,301	45,342,989
China	China	551,098,058	318,903,672	870,001,730	(9,094,121)	—	1,475,519	267,813,580	(9,094,121)	371,419,318
Colombia	Colombia	177,735,513	5,816,015	183,551,528	112,548,484	(24,488,910)	(22,338,700)	—	—	77,137,833
Italy	Italy	96,511,474	2,440,787	98,952,261	11,840,842	(1,616,042)	(2,865,875)	6,000,000	12,430,362	1,841,173
Luxembourg	Luxembourg	4,352,996	—	4,352,996	(12,307,630)	(331,422)	(7,816)	2,725,000	3,771,148	—
Malaysia	Malaysia	—	—	—	—	(26,866)	—	—	—	—
Mexico	Mexico	158,591,411	—	158,591,411	(3,356,992)	(259,615)	—	18,404,402	(3,241,046)	2,547,152
Morocco	Morocco	4,509,594	—	4,509,594	4,421,625	—	—	41,618,216	4,425,101	—
Netherlands	Netherlands	14,757,807	5,514,381	20,272,188	17,494,870	(1,129,555)	(919,986)	184,460,311	198,736,685	4,106
Peru	Peru	43,973,086	1,650,215	45,623,301	25,331,851	(13,096,557)	(12,696,455)	95,168,877	42,203,353	16,733,712
Portugal	Portugal	1,310,178,354	340,117,490	1,650,295,844	26,103,410	(14,876,289)	(6,997,272)	53,547,051	50,730,274	106,413,107
Singapore	Singapore	3,792,362,271	184,168,363	3,976,530,634	26,397,628	(1,234,331)	(2,522,876)	461,467	26,391,556	335,170
Suriname	Suriname	291,807	3,890,451	4,182,258	(28,060,221)	—	2,133,522	—	—	—
Thailand	Thailand	1,715,889	—	1,715,889	2,003,381	197,898	(1,813)	3,878,374	2,003,381	—
United Arab Emirates	United Arab Emirates	9,011,795	1,442,645,540	1,451,657,335	1,169,358,022	(939,243,479)	(906,931,820)	405,806	(82,601)	1,584,654,381
UK	UK	129,140,336	1,390,852	130,531,188	15,492,883	(4,198,133)	(2,930,555)	3,337,490	15,492,883	232,451
USA	USA	—	—	—	(43,007)	—	—	8,477	—	—

List of companies and core business

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 (RHOURDE 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

COMPANY	TAX JURISDICTION	Business
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
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
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	Other
FUNDACIÓN CEPSA	Spain	Non-profit organisations; Intragroup financing
CEPSA FINANCE, S.A.U.	Spain	Intragroup financing
CEPSA TREASURY, S.A.U.	Spain	Sales, marketing and distribution
CEPSA GAS COMERCIALIZADORA, S.A.	Spain	Sales, marketing and distribution
MITRA MEDULAS SLU	Spain	Sales, marketing and distribution
MITRA ALFA SLU	Spain	Sales, marketing and distribution
MITRA BETA SLU	Spain	Sales, marketing and distribution
MITRA GAMMA SLU	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
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
GASIB SOCIEDAD IBERICA DE GAS LICUADO, 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
MITRA TAU, S.L.U.	Spain	Sales, marketing and distribution
MITRA RO, S.L.U.	Spain	Sales, marketing and distribution
MITRA OMEGA, S.L.U.	Spain	Sales, marketing and distribution

COMPANY	TAX JURISDICTION	Business
CEPSA EXPLORACION Y PRODUCION, S.L.U.	Spain	Administration, management and support services
CEPSA (RHOURDE EL ROUNI) LTD., Establecimiento Permanente	Algeria	Manufacturing and production
CEPSA ALGERIE S.L., Establecimiento Permanenete	Algeria	Manufacturing and production
CEPSA QUIMICA BELGIUM, N.V.	Belgium	Sales, marketing and distribution
DETEN QUIMICA, S.A.	Brazil	Manufacturing and production
PETRESA PARTICIPAÇOES, 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
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
NEXT CHEMICALS MEXICO, SRLCV	Mexico	Idle
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. - SUCURSAL EN PORTUGAL	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 EP ABU DHABI, S.L.U (Abu Dhabi Branch)	United Arab Emirates	Manufacturing and production
CEPSA UK, LTD.	UK	Sales, marketing and distribution
CEPSA TRADING AMERICAS, INC	USA	Sales, marketing and distribution

Appendix 7
Sustainability standard index

7.1

Non-financial statement

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
GENERAL INFORMATION		
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	1.4 Our businesses
Operating markets	GRI 2-1 Organizational details GRI 2-6 Activities, value chain and other business relationships	1.3 Global footprint
The undertaking's objectives and strategy	GRI 2-22 Statement on sustainable development strategy GRI 3-3 Management of material topics	1.4 Our businesses 2.3 Sustainability management | 2.3.1 We integrate sustainability into our business
Main trends and factors that could affect future development	GRI 2-22 Statement on sustainable development strategy GRI 201-2 Financial implications and other risks and opportunities due to climate change	1.4 Our businesses 4.1 Business environment
Reporting framework used	Reports prepared using the GRI Standards as their guide	Appendix 1. About this report
Materiality principle	GRI 3-1 Process to determine material topics GRI 3-2 List of material topics	2.3 Sustainability management | 2.3.2 Stakeholders and materiality
Description of policies	GRI 2-23 Policy commitments GRI 3-3 Management of material topics GRI 2-12 Role of the highest governance body in overseeing the management of impacts	2.3 Sustainability management | 2.3.1 We integrate sustainability into our business
Outcomes of policies	GRI 3-3 Management of material topics	1.5 Customer-centric strategy 1.6 Transformational innovation, digitalisation and cybersecurity 2.3 Sustainability management 3.1 Advancing towards a net zero world 3.2 Managing the environment responsibly 3.3 Ready for workplace change 3.4 Safety in Motion: striving for excellence 3.5 Sustainable supply chain 3.6 Ethical and respectful conduct 3.7 Fiscal transparency and responsibility 3.8 Giving back to local communities
Principal short-, medium- and long-term risks	GRI 201-2 Financial implications and other risks and opportunities due to climate change GRI 403-2 Hazard identification, risk assessment, and incident investigation GRI 205-1 Operations assessed for risks related to corruption	2.2 Risk management 3.1 Advancing towards a net zero world | 3.1.3 Climate change: risk and opportunity management 3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety 3.6 Ethical and respectful conduct | 3.6.1. Ethics in our day-to-day operations Appendix 3. Key risks
Key performance indicators	-	The key performance indicators pertaining to the non-financial information are distributed throughout the report. Refer to the cross-reference table for further details.

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
ENVIRONMENTAL MATTERS		
DETAILED GENERAL INFORMATION		
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 Managing the environment responsibly | 3.2.1 Managerial excellence 3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety
Environmental assessment and certification processes	GRI 2-23 Policy commitments	3.2 Managing the environment responsibly | 3.2.1 Managerial excellence
Resources dedicated to preventing environmental risks	GRI 3-3 Management of material topics	3.2 Managing the environment responsibly
How the precautionary principle is addressed	GRI 3-3 Management of material topics	3.2 Managing the environment responsibly | 3.2.1 Managerial excellence
Amount of provisions recorded or guarantees extended for environmental claims	GRI 3-3 Management of material topics	3.2 Managing the environment responsibly | 3.2.1 Managerial excellence For further information about provisions, refer to Note 21. *Provisions and other obligatio*ns of the company's annual financial statements
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 (NOx), sulfur oxides (SOx) other significant air emissions	3.1 Advancing towards a net zero world | 3.1.4 Key climate change metrics 3.2 Managing the environment responsibly | 3.2.5 Continuous control of our air emissions Appendix 2. Sustainability performance | 2.1 Climate change Appendix 2. Sustainability performance | 2.2 Environment
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 3-3 Management of material topics GRI 306-1 Waste generation and significant waste-related impacts GRI 306-2 Management of 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 Managing the environment responsibly | 3.2.4 Making our operations more sustainable
SUSTAINABLE USE OF RESOURCES		
Water consumption and supply, in keeping with local limitations	GRI 3-3 Management of material topics GRI 303-3 Water withdrawal GRI 303-5 Water consumption	3.2 Managing the environment responsibly | 3.2.2 Responsible water consumption Appendix 2. Sustainability performance | 2.2 Environment
Use and protection of raw materials	GRI 301-1 Materials used by weight or volume GRI 301-2 Recycled input materials used	Appendix 2. Sustainability performance | 2.2 Environment
Direct and indirect energy consumption. Measures taken to improve energy efficiency. Use of renewable sources of energy	GRI 3-3 Management of material topics GRI 302-1 Energy consumption within the organization GRI 302-2 Energy consumption outside the organization GRI 302-3 Energy intensity	3.1 Advancing towards a net zero world | 3.1.4 Key climate change metrics Appendix 2. Sustainability performance | 2.1 Climate change
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 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 305-4 GHG emissions intensity	3.1 Advancing towards a net zero world | 3.1.4 Key climate change metrics Appendix 2. Sustainability performance | 2.1 Climate change

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
Measures taken to adapt for the consequences of climate change	GRI 3-3 Management of material topics GRI 201-2 Financial implications and other risks and opportunities due to climate change GRI 305-5 Reduction of GHG emissions	3.1 Advancing towards a net zero world
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 GRI 305-5 Reduction of GHG emissions	2.3 Sustainability management | 2.3.1 We integrate sustainability into our business 3.1 Advancing towards a net zero world | 3.1.2 Climate strategy
BIODIVERSITY PROTECTION		
Measures taken to preserve or restore biodiversity	GRI 3-3 Management of material topics GRI 304-3 Habitats protected or restored	3.2 Managing the environment responsibly | 3.2.3 Fostering biodiversity Appendix 2. Sustainability performance | 2.2 Environment
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 GRI 304-2 Significant impacts of activities, products, and services on biodiversity	3.2 Managing the environment responsibly | 3.2.3 Fostering biodiversity Appendix 2. Sustainability performance | 2.2 Environment
SOCIAL AND EMPLOYEE MATTERS		
EMPLOYMENT		
Total number and breakdown of employees by country, gender, age and employee category	GRI 2-7 Employees GRI 3-3 Management of material topics GRI 405-1 Diversity of governance bodies and employees	3.3 Ready for workplace change Appendix 2. Sustainability performance | 2.3 Human resources
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	Appendix 2. Sustainability performance | 2.3 Human resources
Number of dismissals by gender, age and employee category	GRI 401-1 New employees hires and employee turnover	Appendix 2. Sustainability performance | 2.3 Human resources
Average pay and trend broken down by gender, age, employee category or equivalent metric	GRI 2-21 Annual total compensation ratio GRI 405-2 Ratio of basic salary and remuneration of women to men	Appendix 2. Sustainability performance | 2.3 Human resources
Wage gap, remuneration per equivalent job or company average	GRI 405-2 Ratio of basic salary and remuneration of women to men	Appendix 2. Sustainability performance | 2.3 Human resources
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 GRI 2-20 Process to determine remuneration	Appendix 2. Sustainability performance | 2.3 Human resources
Implementation of right-to-disconnect policies	GRI 3-3 Management of material topics	3.3 Ready for workplace change | 3.3.1 Talent with purpose
Number of employees with a disability	GRI 405-1 Diversity of governance bodies and employees	Appendix 2. Sustainability performance | 2.3 Human resources
ORGANISATION OF WORK		
Organisation of working time	GRI 2-7 Employees	3.3 Ready for workplace change | 3.3.1 Talent with purpose Appendix 2. Sustainability performance | 2.3 Human resources
Absenteeism in hours	GRI 3-3 Management of material topics	Appendix 2. Sustainability performance - 2.3 Human resources
Measures designed to facilitate work-life balance and sharing of caring responsibilities	GRI 3-3 Management of material topics GRI 401-3 Parental leave	3.3 Ready for workplace change | 3.3.1 Talent with purpose 3.3 Ready for workplace change | 3.3.2 A diverse and inclusive workplace

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
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 GRI 403-5 Worker training on occupational health and safety GRI 403-6 Promotion of worker health GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships GRI 403-8 Workers covered by an occupational health and safety management system	3.4 Safety in Motion: striving for excellence Appendix 2. Sustainability performance | 2.4 Occupational health and safety
Workplace accidents, specifying frequency and severity and work-related illnesses, broken down by gender	GRI 403-2 Hazard identification, risk assessment, and incident investigation GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health	Appendix 2. Sustainability performance | 2.4 Occupational health and safety
MANAGEMENT-EMPLOYEE RELATIONS		
How management-employee dialogue is organised, including procedures for informing and consulting employees and negotiating with them	GRI 3-3 Management of material topics GRI 2-29 Approach to stakeholder engagement GRI 2-30 Collective bargaining agreements GRI 402-1 Minimum notice periods regarding operational changes GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.3 Ready for workplace change | 3.3.5 Social dialogue and labour relations
Percentage of employees covered by collective bargaining agreements by country	GRI 2-30 Collective bargaining agreements	3.3 Ready for workplace change | 3.3.5 Social dialogue and labour relations Appendix 2. Sustainability performance | 2.3 Human resources
List of collective bargaining agreements, particularly with respect to workplace health and safety	GRI 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
TRAINING		
Policies implemented in the area of training	GRI 404-2 Programs for upgrading employee skills and transition assistance programs GRI 403-5 Worker training on occupational health and safety	3.3 Ready for workplace change | 3.3.3 Learning culture
Total training hours by employee category	GRI 404-1 Average hours of training per year and per employee	Appendix 2. Sustainability performance | 2.3 Human resources
UNIVERSAL ACCESSIBILITY		
Accessibility for persons with disabilities	GRI 3-3 Management of material topics	3.3 Ready for workplace change | 3.3.2 A diverse and inclusive workplace
EQUALITY		
Measures taken to foster equal treatment of and opportunities for men and women	GRI 3-3 Management of material topics GRI 401-3 Parental leave	3.3 Ready for workplace change | 3.3.2 A diverse and inclusive workplace Appendix 2. Sustainability performance | 2.3 Human resources
Equality plans, measures taken to foster employment, anti-sexual/gender harassment protocols	GRI 3-3 Management of material topics	3.3 Ready for workplace change | 3.3.2 A diverse and inclusive workplace Appendix 2. Sustainability performance | 2.3 Human resources

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
Anti-discrimination and diversity management policies	GRI 3-3 Management of material topics GRI 405-1 Diversity of governance bodies and employees GRI 405-2 Ratio of basic salary and remuneration of women to men	3.3 Ready for workplace change | 3.3.2 A diverse and inclusive workplace Appendix 2. Sustainability performance | 2.3 Human resources
HUMAN RIGHTS		
DUE DILIGENCE PROCEDURES		
Human rights due diligence procedures	GRI 3-3 Management of material topics GRI 2-23 Policy commitments 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 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 GRI 414-2 Negative social impacts in the supply chain and actions taken	3.6 Ethical and respectful conduct | 3.6.2 Human rights 3.8 Giving back to local communities | 3.8.1 Local community relations Appendix 2. Sustainability performance | 2.6 Ethics and human rights
Processes and arrangements for preventing human rights abuses and any measures taken to mitigate, manage and repair possible abuses that have materialised	GRI 3-3 Management of material topics 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 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 GRI 414-2 Negative social impacts in the supply chain and actions taken	3.6 Ethical and respectful conduct | 3.6.2 Human rights Appendix 2. Sustainability performance | 2.6 Ethics and human rights
Claims of humans rights abuses	GRI 3-3 Management of material topics GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 406-1 Incidents of discrimination and corrective actions taken 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 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 GRI 414-2 Negative social impacts in the supply chain and actions taken	3.6 Ethical and respectful conduct | 3.6.2 Human rights Appendix 2. Sustainability performance | 2.6 Ethics and human rights

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
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 3-3 Management of material topics GRI 2-23 Policy commitments	3.6 Ethical and respectful conduct | 3.6.2 Human rights
CORRUPTION AND BRIBERY		
Measures taken to prevent corruption and bribery	GRI 3-3 Management of material topics GRI 2-23 Policy commitments GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 205-1 Operations assessed for risks related to corruption GRI 205-2 Communication and training about anti-corruption policies and procedures GRI 205-3 Confirmed incidents of corruption and actions taken	3.6 Ethical and respectful conduct | 3.6.1. Ethics in our day-to-day operations Appendix 2. Sustainability performance | 2.6 Ethics and human rights
Measures to combat money laundering	GRI 3-3 Management of material topics GRI 2-23 Policy commitments GRI 2-26 Mechanisms for seeking advice and raising concerns GRI 205-1 Operations assessed for risks related to corruption GRI 205-2 Communication and training about anti-corruption policies and procedures GRI 205-3 Confirmed incidents of corruption and actions taken	3.6 Ethical and respectful conduct | 3.6.1. Ethics in our day-to-day operations
Contributions to non-profit entities	GRI 2-28 Membership of associations GRI 201-1 Direct economic value generated and distributed	2.3 Sustainability management | 2.3.2 Stakeholders and materiality Appendix 2. Sustainability performance | 2.7 Stakeholders Appendix 5. Additional financial information | 5.2 Value generated and distributed
SOCIETY		
COMMITMENT TO SUSTAINABLE DEVELOPMENT		
Impact of the undertaking's activities on society in terms of local employment, development, communities and territories	GRI 3-3 Management of material topics GRI 2-25 Processes to remediate negative impacts GRI 201-1 Direct economic value generated and distributed GRI 202-2 Proportion of senior management hired from the local community GRI 203-1 Infrastructure investments and services supported GRI 203-2 Significant indirect economic impacts GRI 204-1 Proportion of spending on local suppliers 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	3.8 Giving back to local communities
Engagement with local community representatives; communication channels in place	GRI 2-29 Approach to stakeholder engagement 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	3.8 Giving back to local communities

Contents required under Spanish Law 11/2018	GRI standards	Reference in the Integrated Report
Membership of associations and sponsorships	GRI 2-28 Membership of associations GRI 201-1 Direct economic value generated and distributed	2.3 Sustainability management | 2.3.2 Stakeholders and materiality 3.8 Giving back to local communities Appendix 2. Sustainability performance | 2.7 Stakeholders
OUTSOURCING AND SUPPLIERS		
Inclusion in the purchasing policy of social, gender equality and environmental matters	GRI 3-3 Management of material topics GRI 204-1 Proportion of spending on local suppliers GRI 414-1 New suppliers that were screened using social criteria GRI 414-2 Negative social impacts in the supply chain and actions taken	3.5 Sustainable supply chain | 3.5.1 Procurement approach and positive supplier relations
Contemplation of social and environmental performance in supplier and subcontractor engagement	GRI 3-3 Management of material topics GRI 2-6 Activities, value chain and other business relationships GRI 414-1 New suppliers that were screened using social criteria GRI 414-2 Negative social impacts in the supply chain and actions taken	3.5 Sustainable supply chain | 3.5.1 Procurement approach and positive supplier relations Appendix 2. Sustainability performance | 2.5 Suppliers
Supervision and audit systems and their outcomes	GRI 2-6 Activities, value chain and other business relationships	3.5 Sustainable supply chain | 3.5.1 Procurement approach and positive supplier relations Appendix 2. Sustainability performance | 2.5 Suppliers
CONSUMERS		
Consumer health and safety measures	GRI 3-3 Management of material topics GRI 416-1 Assessment of the health and safety impacts of product and service categories	3.4 Safety in Motion: striving for excellence | 3.4.3 Product safety
Consumer claims, complaints and grievance systems	GRI 3-3 Management of material topics GRI 2-29 Approach to stakeholder engagement	1.5 Customer-centric strategy
TAX INFORMATION		
Country-by-country profits	GRI 3-3 Management of material topics GRI 201-1 Direct economic value generated and distributed GRI 207-4 Country-by-country reporting	Appendix 5. Additional financial information
Income tax paid	GRI 3-3 Management of material topics GRI 201-1 Direct economic value generated and distributed GRI 207-1 Approach to tax GRI 207-2 Tax governance, control, and risk management GRI 207-3 Stakeholder engagement and management of concerns related to tax GRI 207-4 Country-by-country reporting	3.7 Fiscal transparency and responsibility
Government grants received	GRI 201-4 Financial assistance received from government	
OTHER RELEVANT INFORMATION		
Sustainable finance taxonomy	-	2.8 EU taxonomy

7.2

GRI contents

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
GRI 2: General disclosures				
2-1	Organizational details	1.3 Global footprint	—	Española de Petróleos, S.A. Public limited company (*sociedad anónima*). Registered office: Paseo de la Castellana, 259 A, 28046 Madrid (Spain).
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 2023 Annual. Contact points: comunicacion@cepsa.com sostenibilidad@cepsa.com
2-4	Restatements of information	—	—	Clarifications regarding data that may have been restated with respect to the last report are made in footnotes throughout this report.
2-5	External assurance	—	—	See the independent assurance report at the end of this document.
2-6	Activities, value chain and other business relationships	1.2 Value chain 1.4 Our businesses 3.5 Sustainable supply chain | 3.5.2 Our supply chain	—	—
2-7	Employees	Appendix 2. Sustainability performance | 2.3 Human resources	—	—
2-8	Workers who are not employees	—	—	The number of workers who are not employees was 5,674 in 2023 (2022: 5,039).
2-9	Governance structure and composition	2.1 Corporate governance | 2.1.1 Governing bodies and director selection	—	—
2-10	Nomination and selection of the highest governance body	2.1 Corporate governance | 2.1.1 Governing bodies and director selection	—	—
2-11	Chair of the highest governance body	2.1 Corporate governance | 2.1.1 Governing bodies and director selection	—	—
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate governance | 2.1.1 Governing bodies and director selection	—	—
2-13	Delegation of responsibility for managing impacts	2.1 Corporate governance | 2.1.1 Governing bodies and director selection 2.3 Sustainability management | 2.3.1 We integrate sustainability into our business	—	—
2-14	Role of the highest governance body in sustainability reporting	2.3 Sustainability management | 2.3.1 We integrate sustainability into our business Appendix 1. About this report	—	—
2-15	Conflicts of interest	2.1 Corporate governance | 2.1.2 Conflicts of interest	—	—
2-16	Communication of critical concerns	2.1 Corporate governance | 2.1.1 Governing bodies and director selection 2.3 Sustainability management | 2.3.1 We integrate sustainability into our business	—	—
2-17	Collective knowledge of the highest governance body	2.1 Corporate governance | 2.1.1 Governing bodies and director selection	—	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
2-18	Evaluation of the performance of the highest governance body	2.1 Corporate governance | 2.1.1 Governing bodies and director selection	—	—
2-19	Remuneration policies	2.1 Corporate governance | 2.1.1 Governing bodies and director selection Appendix 2. Sustainability performance | 2.3 Human resources	—	—
2-20	Process to determine remuneration	2.1 Corporate governance | 2.1.1 Governing bodies and director selection Appendix 2. Sustainability performance | 2.3 Human resources	—	—
2-21	Annual total compensation ratio	Appendix 2. Sustainability performance | 2.3 Human resources	—	—
2-22	Statement on sustainable development strategy	Letter from the Chairman Letter from the CEO	—	—
2-23	Policy commitments	2.3 Sustainability management | 2.3.1 We integrate sustainability into our business	—	—
2-24	Embedding policy commitments	—	—	Responded throughout this Integrated Report.
2-25	Processes to remediate negative impacts	—	—	Responded throughout this Integrated Report.
2-26	Mechanisms for seeking advice and raising concerns	3.6 Ethical and respectful conduct | 3.6.1. Ethics in our day-to-day operations Appendix 2. Sustainability performance | 2.6 Ethics and human rights	—	—
2-27	Compliance with laws and regulations	—	—	There were no breaches according to the Company's reporting criteria. Note 26.4 Uncertainty related to treatment of corporate income tax and other taxes, of Cepsa's annual financial statements includes information on tax-related penalties in Colombia. Based on the opinion 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	2.3 Sustainability management | 2.3.2 Stakeholders and materiality Appendix 2. Sustainability performance | 2.7 Stakeholders	—	—
2-29	Approach to stakeholder engagement	2.3 Sustainability management | 2.3.2 Stakeholders and materiality 1.5 Customer-centric strategy 3.8 Giving back to local communities	—	—
2-30	Collective bargaining agreements	3.3 Ready for workplace change | 3.3.5 Social dialogue and labour relations Appendix 2. Sustainability performance | 2.3 Human resources	—	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
GRI 3: Material topics				
3-1	Process to determine material topics	2.3 Sustainability management | 2.3.2 Stakeholders and materiality	—	—
3-2	List of material topics	2.3 Sustainability management | 2.3.2 Stakeholders and materiality	—	—
Climate strategy and energy transition				
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	3.1 Advancing towards a net zero world | 3.1.4 Key climate change metrics Appendix 2. Sustainability performance | 2.1 Climate change	11.1.2	—
302-2	Energy consumption outside the organization	Appendix 2. Sustainability performance | 2.1 Climate change	11.1.3	—
302-3	Energy intensity	Appendix 2. Sustainability performance | 2.1 Climate change	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 2. Sustainability performance | 2.1 Climate change	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 2. Sustainability performance | 2.1 Climate change	11.1.6	—
305-3	Other indirect (Scope 3) GHG emissions	3.1 Advancing towards a net zero world | 3.1.4 Key climate change metrics Appendix 2. Sustainability performance | 2.1 Climate change	11.1.7	—
305-4	GHG emissions intensity	Appendix 2. Sustainability performance | 2.1 Climate change	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 2. Sustainability performance | 2.1 Climate change	11.2.3	—
Health and safety				
3-3	Management of material topics - Safety	3.4 Safety in Motion: striving for excellence	11.9.1	—
403-1	Occupational health and safety management system	3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety	11.9.2	—
403-2	Hazard identification, risk assessment, and incident investigation	3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety	11.9.3	—
403-3	Occupational health services	3.4 Safety in Motion: striving for excellence | 3.4.2 Workplace health	11.9.4	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
403-4	Worker participation, consultation, and communication on occupational health and safety	—	11.9.5	Workplace health and safety is what drives the establishment of labour conditions in the various collective bargaining agreements. The health and safety committees, as contemplated in applicable legislation and the collective bargaining agreements negotiated, are the bodies for consultation about the company's actions in this area. They are the forum for worker participation, consultation, and communication on occupational health and safety.
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 Safety in Motion: striving for excellence | 3.4.2 Workplace health	11.9.7	—
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety	11.9.8	—
403-8	Workers covered by an occupational health and safety management system	—	11.9.9	99.9 % of employees and 100 % of workers who are not employees are covered by an occupational health and safety system subject to internal audit. Moreover, 98.8 % of employees and 92.4 % of workers who are not employees are covered by an occupational health and safety system that is audited or certified by a third party.
403-9	Work-related injuries (no. of hours worked)	3.4 Safety in Motion: striving for excellence Appendix 2. Sustainability performance | 2.4 Occupational health and safety	11.9.10	—
403-10	Work-related ill health	—	11.9.11	There were no cases of work-related ill health among employees or workers who are not employees in either 2023 or 2022. There were therefore no fatalities either. The main hazards with the potential to cause work-related ill health at the company are: exposure to noise, exposure to chemical products, overexertion and manual handling of loads.
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 Managing the environment responsibly | 3.2.2 Responsible water consumption	11.6.1	—
303-1	Interactions with water as a shared resource	3.2 Managing the environment responsibly | 3.2.2 Responsible water consumption	11.6.2	—
303-2	Management of water discharge-related impacts	3.2 Managing the environment responsibly | 3.2.2 Responsible water consumption	11.6.3	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
303-3	Water withdrawal	3.2 Managing the environment responsibly | 3.2.2 Responsible water consumption Appendix 2. Sustainability performance | 2.2 Environment	11.6.4	—
303-4	Water discharge	3.2 Managing the environment responsibly | 3.2.2 Responsible water consumption Appendix 2. Sustainability	11.6.5	—
303-5	Water consumption	Appendix 2. Sustainability performance | 2.2 Environment	11.6.6	—
Resilience vis-a-vis the business environment and regulations				
3-3	Management of material topics - Long-term business sustainability	1.1 Positive Motion 1.4 Our businesses 2.3 Sustainability management | 2.3.1 We integrate sustainability into our business 3.1 Advancing towards a net zero world	—	—
201-1	Direct economic value generated and distributed	Appendix 5. Additional financial information | 5.2 Value generated and distributed	11.14.2	—
Diversity and inclusion				
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 2. Sustainability performance | 2.3 Human resources	11.10.4	—
405-1	Diversity of governance bodies and employees	Appendix 2. Sustainability performance | 2.3 Human resources	11.11.5	—
405-2	Ratio of basic salary and remuneration of women to men	Appendix 2. Sustainability performance | 2.3 Human resources	11.11.6	—
406-1	Incidents of discrimination and corrective actions taken	—	11.11.7	There were no incidents of discrimination in 2023 or 2022. Therefore, no corrective actions needed to be taken.
Circular economy				
3-3	Management of material topics - Circular economy	3.2 Managing the environment responsibly | 3.2.4 Making our operations more sustainable	11.5.1	—
301-1	Materials used by weight or volume	Appendix 2. Sustainability performance | 2.2 Environment	—	—
301-2	Recycled input materials used	Appendix 2. Sustainability performance | 2.2 Environment	—	The percentage of recycled input materials used in 2023 was 0.04 % (2022: 0.009 %). The data only include the Energy Parks, Commercial & Clean Energies and Chemicals businesses.
306-1	Waste generation and significant waste related impacts	3.2 Managing the environment responsibly | 3.2.4 Making our operations more sustainable	11.5.2	—
306-2	Management of significant waste-related impacts	3.2 Managing the environment responsibly | 3.2.4 Making our operations more sustainable	11.5.3	—
306-3	Waste generated	3.2 Managing the environment responsibly | 3.2.4 Making our operations more sustainable Appendix 2. Sustainability performance | 2.2 Environment	11.5.4	—
306-3 (2016)	Significant spills	Appendix 2. Sustainability performance | 2.2 Environment	11.8.2	—
306-4	Waste diverted from disposal	Appendix 2. Sustainability performance | 2.2 Environment	11.5.5	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
306-5	Waste directed to disposal	Appendix 2. Sustainability performance | 2.2 Environment	11.5.6	—
Customer centricity				
3-3	Management of material topics - Customer centricity	1.5 Customer-centric strategy	—	—
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.
Employee wellbeing				
3-3	Management of material topics - Employee wellbeing	3.3 Ready for workplace change	—	75% employee engagement in 2023, according to the Qualtrics EX25 model, which includes the recommendation, motivation and personal realisation index.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	11.10.3	Our collective bargaining agreements stipulate universal provision of benefits. There are no differences in the benefits provided to temporary or part-time employees relative to those provided to permanent or full-time employees.
Biodiversity				
3-3	Management of material topics - Biodiversity	3.2 Managing the environment responsibly | 3.2.3 Fostering biodiversity	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 2. Sustainability performance | 2.2 Environment	11.4.2	—
304-2	Significant impacts of activities, products, and services on biodiversity	3.2 Managing the environment responsibly | 3.2.3 Fostering biodiversity Appendix 2. Sustainability performance | 2.2 Environment	11.4.3	—
304-3	Habitats protected or restored	Appendix 2. Sustainability performance | 2.2 Environment	11.4.4	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Appendix 2. Sustainability performance | 2.2 Environment	11.4.5	—
Good governance				
3-3	Management of material topics - Good governance	2.1 Corporate governance | 2.1.1 Governing bodies and director selection 2.3 Sustainability management | 2.3.1 We integrate sustainability into our business	—	—
207-2	Tax governance, control, and risk management	3.7 Fiscal transparency and responsibility	11.21.5	—
405-1	Diversity of governance bodies and employees	Appendix 2. Sustainability performance | 2.3 Human resources	11.11.5	—
Sustainable supply chain				
3-3	Management of material topics - Sustainable supply chain	3.5 Sustainable supply chain	—	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
204-1	Proportion of spending on local suppliers	3.5 Sustainable supply chain | 3.5.2 Our supply chain Appendix 2. Sustainability performance | 2.5 Suppliers	11.14.6	—
308-1	New suppliers that were screened using environmental criteria	Appendix 2. Sustainability performance | 2.5 Suppliers	—	—
414-1	New suppliers that were screened using social criteria	Appendix 2. Sustainability performance | 2.5 Suppliers	11.10.8	—
414-2	Negative social impacts in the supply chain and actions taken	Appendix 2. Sustainability performance | 2.5 Suppliers	11.10.9	—
Cybersecurity				
3-3	Management of material topics - Cybersecurity	1.6 Transformational innovation, digitalisation and cybersecurity | 1.6.2 Information and operational cybersecurity	—	—
Social commitment				
3-3	Management of material topics - Social commitment	3.8 Giving back to local communities	11.14.1 11.15.1 11.17.1	—
202-2	Proportion of senior management hired from the local community	Appendix 2. Sustainability performance | 2.3 Human resources	11.11.2	—
203-1	Infrastructure investments and services supported	Appendix 2. Sustainability performance | 2.7 Stakeholders	11.14.4	—
203-2	Significant indirect economic impacts	3.8 Giving back to local communities Appendix 2. Sustainability performance | 2.7 Stakeholders	11.14.5	—
413-1	Operations with local community engagement, impact assessments, and development programs	3.8 Giving back to local communities	11.15.2	—
413-2	Operations with significant actual and potential negative impacts on local communities	3.8 Giving back to local communities	11.15.3	—
Human and labour rights				
3-3	Management of material topics - Human rights	3.6 Ethical and respectful conduct | 3.6.2 Human rights	11.13.1 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	—	—	None reported.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—	11.12.2	None reported.
410-1	Security personnel trained in human rights policies or procedures	Appendix 2. Sustainability performance | 2.6 Ethics and human rights	11.18.2	—
411-1	Incidents of violations involving rights of indigenous peoples	3.8 Giving back to local communities | 3.8.1 Local community relations	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.

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
Stakeholder engagement				
3-3	Management of material topics - Stakeholder engagement	2.3 Sustainability management | 2.3.2 Stakeholders and materiality	11.22.1	—
413-1	Operations with local community engagement, impact assessments, and development programs	3.8 Giving back to local communities	11.15.2	—
Ethics and compliance				
3-3	Management of material topics - Ethics and compliance	3.6 Ethical and respectful conduct | 3.6.1. Ethics in our day-to-day operations	11.20.1	—
205-1	Operations assessed for risks related to corruption	Appendix 2. Sustainability performance | 2.6 Ethics and human rights	11.20.2	—
205-2	Communication and training about anti-corruption policies and procedures	Appendix 2. Sustainability performance | 2.6 Ethics and human rights	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	A fine was confirmed in 2022 for breaching a CNMC Resolution in 2009. In 2023 the CNMC ruled that the amount of the fine was unchanged by virtue of the prohibition of *reformatio in peius.*
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.
Environmental impact management				
305-7	Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	3.2 Managing the environment responsibly | 3.2.5 Continuous control of our air emissions	11.3.2	—
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 2. Sustainability performance | 2.3 Human resources	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	We comply with the minimum notice periods regarding operational changes stipulated under collective bargaining agreements or, in the absence thereof, in the legislation applicable in each country.
404-1	Average hours of training per year per employee	Appendix 2. Sustainability performance | 2.3 Human resources	11.10.6	—
404-2	Programs for employee upskilling and transition assistance programs	3.3 Ready for workplace change | 3.3.3 Learning culture	11.10.7	—

GRI standard	Description	Reference in the Integrated Report	GRI 11 Sector standard code	Explanatory notes
Innovation, technology and digitalisation				
3-3	Management of material topics - Innovation, technology and digitalisation	1.6 Transformational innovation, digitalisation and cybersecurity | 1.6.1 Transformational innovation and digitalisation	—	—
Transparency				
3-3	Management of material topics - Tax transparency	3.7 Fiscal transparency and responsibility	11.21.1	—
201-4	Financial assistance received from government	—	11.21.3	Financial assistance received from government in 2023 and 2022 amounted to €32.1 million and €11.3 million, respectively.
207-1	Approach to tax	3.7 Fiscal transparency and responsibility	11.21.4	—
207-3	Stakeholder engagement and management of concerns related to tax	3.7 Fiscal transparency and responsibility	11.21.6	—
207-4	Country-by-country reporting	Appendix 6. Country-by-country reporting of taxes	11.21.7	—

7.3

SASB contents

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 2. Sustainability performance | 2.1 Climate change	The percentage of Scope 1 emissions covered under emissions-limiting regulations was 95 % in 2023 and 2022.
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 2. Sustainability performance | 2.1 Climate change	—
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	3.1 Advancing towards a net zero world | 3.1.2 Climate strategy	—
RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated	302-1 (partial)	Appendix 2. Sustainability performance | 2.1 Climate change	—
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)	—	Appendix 2. Sustainability performance | 2.1 Climate change	—
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	305-1 305-2	Appendix 2. Sustainability performance | 2.1 Climate change	—
EM-EP-120a.1 EM-RM-120a.1 RT-CH-120a.1	Air emissions of the following pollutants: (1) NO_X (excluding N2O), (2) SO_X, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	305-7	Appendix 2. Sustainability performance | 2.1 Climate change	—
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.
EM-EP-140a.1 RT-CH-140a.1	1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	303-3 303-5	Appendix 2. Sustainability performance | 2.2 Environment	—
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 2. Sustainability performance | 2.2 Environment	In 2023 the percentage of water recycled and reused at the Energy Parks was 29 % (2022: 24 %).
EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	303-3 303-5 11.6.5 (partial)	Appendix 2. Sustainability performance | 2.2 Environment	—

Indicator	Description	Associated GRI indicator	Section	Explanatory notes
EM-RM-140a.2 RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	—	—	Zero incidents in 2023 and 2022.
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	303-1 (parcial)	3.2 Managing the environment responsibly | 3.2.2 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.
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 2. Sustainability performance | 2.2 Environment	—
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 Managing the environment responsibly | 3.2.1 Managerial excellence	—
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 in the Arctic or shorelines in 2023 or 2022.
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 2. Sustainability performance | 2.2 Environment	—
EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	—	—	In 2023 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	—	—	In 2023, 0.6 % of proved reserves and 0.4 % of probable reserves were in or near areas of indigenous land. In 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	3.8 Giving back to local communities	—
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	3.8 Giving back to local communities	—
EM-EP-210b.2	Number and duration of non-technical delays	—	—	There were no non-technical delays in 2023 or 2022.

Indicator	Description	Associated GRI indicator	Section	Explanatory notes
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		Additional: Average employee safety training in the Exploration & Production business was 6.7 hours per employee in 2023 and 7.6 hours per employee in 2022.
EM-RM-320a.2	Discussion of management systems used to integrate a culture of safety	403-1	3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety	—
RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	—	—	€2,607,202 in 2023 and € 3,615,571 in 2022. The amount initially published for 2022 has been modified following a change of criterion.
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 2023 and 2022 contained health and environmental hazardous substances. All of these products underwent a risk assessment.
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.2]	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves		Appendix 2. Sustainability performance | 2.1 Climate change	—
EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	11.2.2 (partial)	—	In 2023 Cepsa invested €123.8 million in renewable energy (2022: €39.5 million).
EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in the countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	3-3 (partial)	—	No proved or probable reserves were located in these countries in 2022 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)	3.6 Ethical and respectful conduct | 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 2023 or 2022.
EM-EP-530a.1 EM-RM-530a.1 RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	—	2.3 Sustainability management | 2.3.2 Stakeholders and materiality	—

Indicator	Description	Associated GRI indicator	Section	Explanatory notes
EM-EP-540a.1 EM-RM-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	—	Appendix 2. Sustainability performance | 2.4 Occupational health and safety	—
RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	—	Appendix 2. Sustainability performance | 2.4 Occupational health and safety	—
RT-CH.540a.2	Operational safety, emergency preparedness and response	—	—	In 2023 there were six transportation accidents (2022: 0) in the Chemicals business.
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	403-2	3.4 Safety in Motion: striving for excellence | 3.4.2 Workplace health	—
EM-RM-540a.3	Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	—	3.4 Safety in Motion: striving for excellence | 3.4.4 Excellence in safety	—
EM-RM.000.A	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	—	4 Financial and business performance | 4.2. Key financial and business indicators	—
EM-RM.000B	Production by reportable segment	—	—	491 kbbl/d
EM-EP-000B	Refining operating capacity	—		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 offshore 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.

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

Consolidated Financial Statements and Integrated Management Report – 2023 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 2023 and drafted and approved by the Board of Directors of Compañía Española de Petróleos, S.A. at its meeting held on 7 March 2024, 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, 7 March 2024

Carmen Angela de Pablo Redondo
Chief Financial Officer

CEPSA

COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES (CEPSA GROUP)

Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2023

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, 2023, 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 7, 2024 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.

March 7, 2024

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. Abdulla Mohamed Ismail Ibrahim Shadid
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 2023

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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 2023

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 ("CNFIS") for the year ended 31 December 2023 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 "Appendix 7.1 Non-Financial Statement" table included in the accompanying Consolidated Directors' Report.

Responsibilities of the Directors

The preparation and content of the CNFIS included in the Group's Directors' Report are the responsibility of the Directors of Compañía Española de Petróleos, S.A. The CNFIS 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 "Appendix 7.1 Non-Financial Statement" table of the aforementioned Consolidated Directors' Report.

These responsibilities also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CNFIS 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 CNFIS is obtained.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 the Group that participated in the preparation of the CNFIS, reviewing the processes used to compile and validate the information presented in the CNFIS, 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 2023 CNFIS based on the materiality analysis performed by the Group and described in section "2.3.2. Stakeholders and Materiality", 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 2023 CNFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2023 CNFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2023 CNFIS, 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 CNFIS for the year ended 31 December 2023 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 "Appendix 7.1 Non-Financial Statement" table of the 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, based on the Delegated Acts adopted in accordance with the provisions of that Regulation, establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems (the other environmental objectives), and in respect of certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for 2023, mainly in public interest entities, in addition to the information referring to eligible and aligned activities required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Although, as established in "Appendix 1. About this Report" and in "Appendix 2.8. 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 and has continued presenting it for 2023. Therefore, the accompanying CNFIS does not include comparative information on eligibility in relation to the other environmental objectives indicated above or to the new activities included in the 15-climate change mitigation and climate change adaptation objectives. Also, since the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying CNFIS is not strictly comparable either.

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 2.8. EU Taxonomy" in the accompanying CNFIS. 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

7 March 2024

CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (ONLY FOR E&P BUSINESS)

Table of Contents

INTRODUCTION

Spanish[1] and European[2] 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 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.

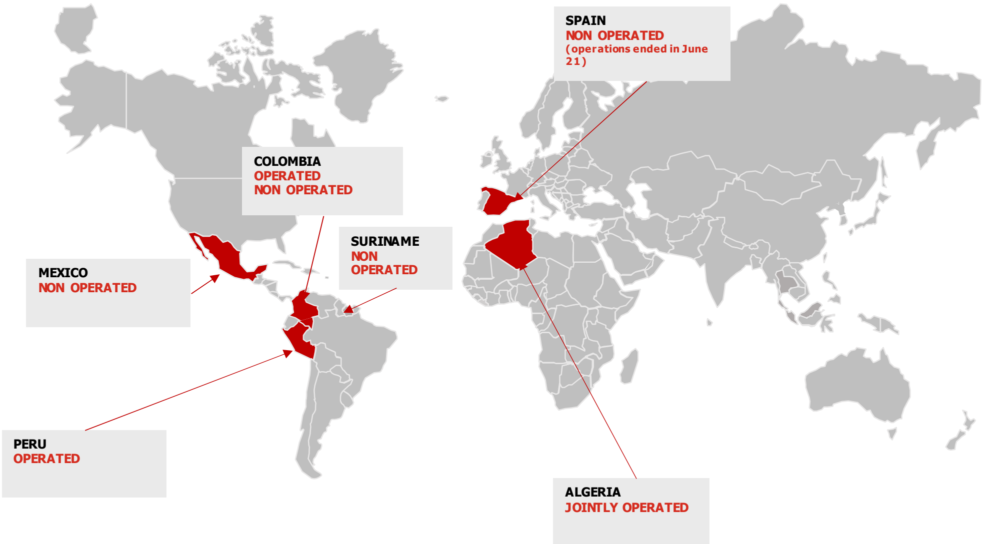
In fulfillment of this principle, Cepsa has consistently supported full transparency in its business dealings, including the disclosure of payments to governments, as a means of building trust with the communities where the Company operates.

[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 1,0813 /€ in 2023).

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	174.059,5	77.684,0	185.927,4	0,0	0,0	437.670,9
Algeria	0,0	133.957,7	5.620,0	1.383,2	0,0	0,0	140.960,9
Colombia	0,0	41.632,4	15.618,0	341,4	0,0	54,2	57.646,0
Peru	0,0	2.565,0	4.892,5	74,0	0,0	195,5	7.727,0
Malaysia	0,0	-1.553,8	0,0	0,0	0,0	0,0	-1.553,8
TOTAL	**0,0**	**350.660,7**	**103.814,5**	**187.726,0**	**0,0**	**249,7**	**642.450,9**

Abu Dhabi's assets have been sold during the year 2023.

PAYMENTS BY COUNTRY

ABU DHABI

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Supreme Petroleum Council	0,0	174.059,5	77.684,0	184.962,5	0,0	0,0	436.706,0
Adnoc	0,0	0,0	0,0	964,9	0,0	0,0	964,9
TOTAL	**0,0**	**174.059,5**	**77.684,0**	**185.927,4**	**0,0**	**0,0**	**437.670,9**

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Umm Lulu, SARB, Bin Nasher and Al Battel	0,0	174.059,5	77.684,0	185.927,4	0,0	0,0	437.670,9
TOTAL	**0,0**	**174.059,5**	**77.684,0**	**185.927,4**	**0,0**	**0,0**	**437.670,9**

The amounts correspond to payments made until the date of the sale of the assets on March 15, 2023.

ALGERIA

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Tax Authority	0,0	133.957,7	5.620,0	0,0	0,0	0,0	139.577,7
Sonatrach	0,0	0,0	0,0	1.383,2	0,0	0,0	1.383,2
TOTAL	**0,0**	**133.957,7**	**5.620,0**	**1.383,2**	**0,0**	**0,0**	**140.960,9**

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
OURHOUD	0,0	117.719,0	0,0	0,0	0,0	0,0	117.719,0
RKF Concession	0,0	788,6	0,0	1.383,2	0,0	0,0	2.171,8
Timimoun	0,0	3.006,6	5.620,0	0,0	0,0	0,0	8.626,6
BMS	0,0	6.943,0	0,0	0,0	0,0	0,0	6.943,0
Sucursal	0,0	5.500,4	0,0	0,0	0,0	0,0	5.500,4
TOTAL	**0,0**	**121.514,2**	**5.620,0**	**1.383,2**	**0,0**	**0,0**	**140.960,9**

Taxes payments in kind amounting to 1.279.377 barrels valued at 83,19 $/bbl per barrel in ORD, and 136.873 barrels valued at 83,45 $/bbl in BMS.

COLOMBIA

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Hacienda Publica Colombiana	0,0	41.632,4	0,0	0,0	0,0	0,0	41.632,4
Agencia Nacional de Hidrocarburos	0,0	0,0	72,5	341,4	0,0	0,0	413,9
Local Communities	0,0	0,0	0,0	0,0	0,0	54,2	54,2
Regalias No Monetizadas	0,0	0,0	15.545,5	0,0	0,0	0,0	15.545,5
TOTAL	**0,0**	**41.632,4**	**15.618,0**	**341,4**	**0,0**	**54,2**	**57.646,0**

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Propios 100%	0,0	41.632,4	72,5	119,8	0,0	0,0	41.824,7
Caracara	0,0	0,0	14.377,1	0,0	0,0	0,0	14.377,1
Llanos 22	0,0	0,0	870,1	221,6	0,0	0,0	1.091,7
Jilguero	0,0	0,0	0,0	0,0	0,0	14,4	14,4
Merecure	0,0	0,0	0,0	0,0	0,0	39,8	39,8
LCN	0,0	0,0	298,2	0,0	0,0	0,0	298,2
TOTAL	**0,0**	**41.632,4**	**15.618,0**	**341,4**	**0,0**	**0,0**	**57.646,0**

Taxes payments in kind amounting to 226.495 barrels valued at $74,2 per barrel.

In January 2023, Colombia passed a new tax law that includes a surtax on income from oil sales of up to 15%, depending on the evolution of international crude oil prices. For 2023, the surcharge was 10%.

PERU

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Ecopetrol	0,0	2.565,0	0,0	0,0	0,0	0,0	2.565,0
Revenue Department	0,0	0,0	4.892,5	74,0	0,0	0,0	4.966,5
Local Communities	0,0	0,0	0,0	0,0	0,0	195,5	195,5
TOTAL	**0,0**	**2.565,0**	**4.892,5**	**74,0**	**0,0**	**195,5**	**7.727,0**

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Block 131	0,0	2.565,0	4.892,5	74,0	0,0	195,5	7.727,0
TOTAL	**0,0**	**2.565,0**	**4.892,5**	**74,0**	**0,0**	**195,5**	**7.727,0**

MALASYA

(Thousand Euros)

GOVERNMENTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
Malaysia Inland Revenue Board	0,0	-1.553,8	0,0	0,0	0,0	0,0	-1.553,8
TOTAL	**0,0**	**-1.553,8**	**0,0**	**0,0**	**0,0**	**0,0**	**-1.553,8**

PROJECTS	Production Entitlements	Taxes	Royalties	Fees	Bonuses	Infrastructure Improvements	TOTAL
KBM	0,0	-1.553,8	0,0	0,0	0,0	0,0	-1.553,8
TOTAL	**0,0**	**-1.553,8**	**0,0**	**0,0**	**0,0**	**0,0**	**-1.553,8**

The company is currently in the liquidation process. The collection received during 2023 corresponds mainly to a refund of the 2015 income tax year where the company kept its exploration and production crude activity.

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 2023

Deloitte.

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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 2023

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 2023.

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.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

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 Cepsa Group's consolidated financial statements as at 31 December 2023, 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 Cepsa 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 2023, the Cepsa 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

7 March 2024