
SUSTAINABILITY
PLAN

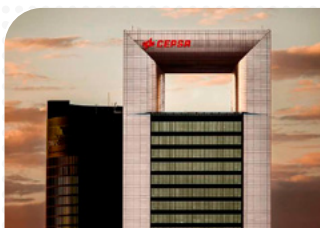
An aerial photograph of a winding asphalt road that curves through a dense, vibrant green forest. The road is dark grey and has white dashed lines on the edges. The trees are a mix of deciduous and coniferous, creating a rich, textured canopy. The overall scene is bright and natural, suggesting a focus on environmental sustainability.

*Driving
Positive
Impact*

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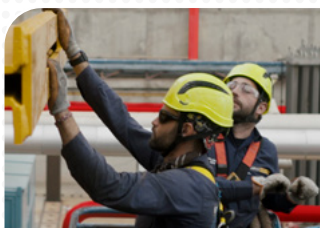
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WELCOME FROM OUR CEO

A journey together

The energy transition is an opportunity for our people, our company and the wider economy and society. As a diversified energy company with a vision for leading sustainable energy and mobility, we have an important role to play in facilitating this transformation. Our purpose is to transform energy and mobility to improve the world together. It is essential our colleagues, business partners, shareholders, suppliers and customers have a clear understanding of our strategic direction and priorities. That is why I am presenting our Sustainability Plan.

DRIVING POSITIVE MOTION

This Plan is designed to drive the implementation of our **2030 Positive Motion strategy**, launched in 2022, to create a positive impact on people and the environment. We have started to invest between €7-8 billion over the course of the decade to facilitate the energy transition and become leaders in sustainable mobility, green hydrogen and biofuels. Positive Motion is all about supporting our customers on their decarbonization journeys, bringing value to society and our various stakeholders, and about enabling the business delivery of our E&P and Chemicals divisions through increased autonomy.

STRENGTHENING OUR AMBITIONS

We publish this Sustainability Plan to bring together for the first time how our strategy delivers transformational progress on key ESG parameter and to give everyone a clear sense of our direction of travel. With this plan, we build on our strong track record of the last five years, in which we reduced our carbon emissions, increased the diversity of our workforce, maintained a low harm workplace and launched the **Fundación Cepsa** for our community investment.

We also take this opportunity to further strengthen our ambitions with additional commitments in areas such as biodiversity, circular economy, water and health & safety.

EMBARKING ON CHANGE TOGETHER

To guide our culture and performance, the Cepsa Board established the Strategy & Sustainability Committee to set the strategic direction and monitor progress around ESG. Implementing this strategy is the responsibility of the entire management team as well as each functional and business unit at Cepsa alongside our able in-house ESG specialists.

The energy transition is one of the biggest challenges of our lifetime, a challenge that transcends purely energy matters and goes to the very core of who we are, as a company and as a society. This means that we transform Cepsa from within, starting with a shared purpose and embracing a new expression of our values. You will find a new expression of our values reflected in this document.

We are striving for a world that is not just clean, but also inclusive. That means that everyone can make a valuable contribution to ensure the energy transition is a just transition. We hope that you will all join us on this journey.

“This is the decade of delivery. Our ambitious Sustainability Plan delivers positive impact inside and outside of Cepsa”

MAARTEN WETSELAAR
Chief Executive Officer

Maarten Wetselaar



THE ROLE OF CEPSA IN A CHANGING WORLD

Accelerating the energy transition

The world around us is changing rapidly. Amidst geopolitical instability and economic volatility, the energy transition is accelerating. Cepsa wants to play a positive role in accelerating the energy transition, transforming our company and our industry – not to mention society and the economy as a whole. What challenges and opportunities do we see until 2030 and what do they mean for us?

DECARBONIZING WITH GREEN MOLECULES AND SUSTAINABLE MOBILITY

Following the Paris climate change agreement, governments and businesses are taking steps to decarbonize their energy systems. Cepsa sees 'green molecules' such as renewable hydrogen and biofuels playing an important role in decarbonizing the heavy industry and transport sectors. We are well-placed to be an important provider across Europe of these green molecules, building on our market leadership ambition in Spain and Portugal in sustainable aviation fuel and hydrogen.

In a world where customers and people are increasingly aware of fossil fuel consumption, Cepsa is also focused on driving sustainable customer mobility and decarbonization. In order to facilitate this transition, we are developing an extensive network for ultra-fast charging in Spain and Portugal.

PARTNERING FOR A JUST TRANSITION

The energy transition presents opportunities, but it also presents challenges. Longer term, we know that certain sectors of the economy (such as mobility) will be deeply transformed. That is why we are investing in our people to

reskill and upskill to help us get to net zero. Combined with digital technology driving fast and efficient innovation, Cepsa will partner with governments, business, trade unions and others to work together to ensure everyone can make a valuable contribution.



SUPPORTING POSITIVE MOTION

Our Sustainability Plan drives positive change

Positive Motion is Cepsa's strategy to facilitate and accelerate the energy transition. At its heart is a business transformation that delivers positive impact on our people, our business, our clients and society and the economy as a whole. Our Sustainability Plan drives the Positive Motion strategy across functions and business units.





ACCELERATING POSITIVE IMPACT

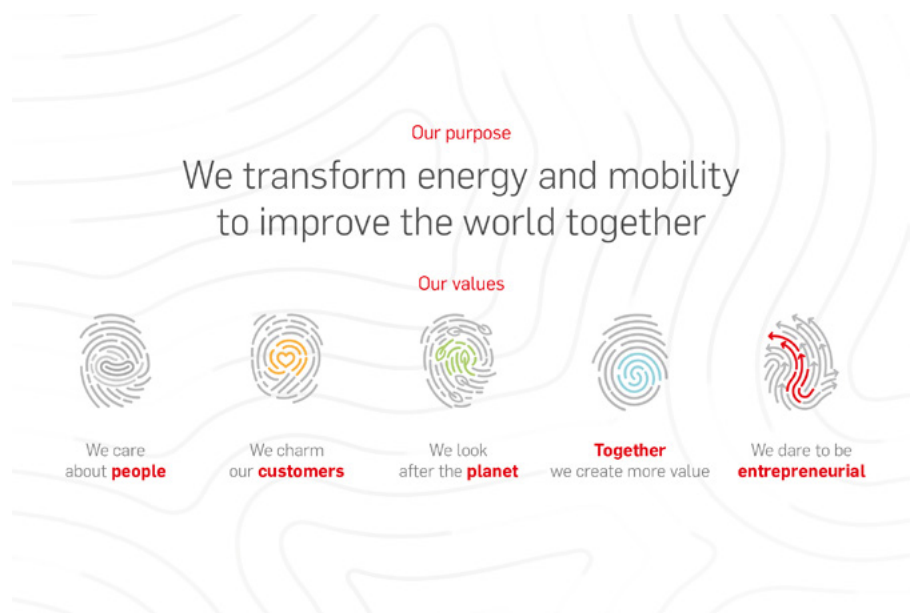
Our Sustainability Plan

Reflecting our material topics, our Sustainability Plan is a comprehensive strategic framework to deliver positive sustainability impacts and mitigate our negative impacts. It is supported by ambitious commitments and a robust roadmap of actions that underline our focus on delivering positive impact for our business, our stakeholders, society and the planet as a whole.

SUPPORTING POSITIVE MOTION

Developed by all parts of Cepsa as part of our integrated business plan, and endorsed by our Board, our Sustainability Plan provides a sustainable framework to drive Positive Motion. It contributes to the 2030 Sustainable Development Agenda through specific **Sustainable Development Goals (SDGs)**.

Our entire management team, business and functional units are jointly responsible for driving progress on our ESG performance with the support of our suppliers and business partners. All of this is underpinned by our culture of ethical behavior and our **values**.



OUR COMMITMENTS



Talent

30% of women in leadership positions by 2025.

2% of people with disabilities among our own staff by 2025.

1% of people with disabilities among external contracted personnel by 2025.



Circular Economy

Increase the circularity of our waste streams by 50% by 2030.

15% share of renewable and circular feedstocks in our Energy Parks by 2030.



Health & Safety

Aiming for zero fatalities and life changing incidents.



Supply chain

100% of major suppliers to undergo ESG scoring by 2025.



Climate

Reduce Scope 1 and 2 emissions by 55% by 2030 vs 2019.

Reduce 15-20% in carbon intensity index of our energy products sales in 2030 versus 2019.

Net zero by 2050.



Natural Capital

20% reduction of freshwater withdrawal in high stressed water areas by 2025.

Not to operate any new oil and gas exploration or production activities inside the boundary of UNESCO World Heritage sites.



Ethics & Human Rights

No cases of corruption or anticompetitive behavior.



Communities

Actively engage with our local communities where we operate.

Support community organizations based locally to Cepsa.

ESG RATINGS



Top 1	Top 5%	Leadership category	Top category	Top 1
In the Integrated oil & gas sector for second year in a row, being the only company in our sector in Low Risk category	In the oil & gas upstream and Integrated sector	In climate and water for third year in a row	In the energy (oil & gas) sector	In the integrated oil & gas sector
19.2	71	A-	61	82

Recognized as ESG Industry Top Rated

Recognized as Industry Mover, as we have achieved the highest scoring improvement among the top performers in our sector.



INVESTING IN POSITIVE IMPACT

Our ways of working at Cepsa

As part of Positive Motion, we have committed to invest €7bn to €8bn to drive positive impact. We want external financing that is part of that investment to be linked to our ESG commitments. We also recognize that we need to accelerate our investment in innovation, partnerships and digital transformation to deliver the change we want to see.

MOVING TOWARDS SUSTAINABLE FINANCING



OUR COMMITMENT

It is our aim to have the majority of our external financing in sustainable form by 2025.

In 2022, our first step has been to convert our benchmark €2.0 billion syndicated revolving credit facility into a sustainability-linked financing, including carbon and gender diversity targets. We have agreed, together with our bank syndicate, to equally donate 100% of the ESG interest adjustment to environmental and social projects, making it a unique combination in syndicated markets. This transaction illustrates the continued support that we have received from the financial community and their confidence in our Positive Motion strategy and our commitment to the energy transition.

After this first-of-its-kind milestone for Cepsa, we will look to include these ESG KPIs in our bilateral financing transactions as well as in other banking products such as guarantee lines, during the course of 2023 and beyond, to accompany the execution of energy transition projects as part of our Positive Motion strategy.

INVESTING IN INNOVATION

Delivering the energy transition relies on accelerating innovation across our business. We are investing over €150mn until 2027 in cross-functional R&D projects, 50% of which are related to the energy transition.

Reflecting the **Positive Motion strategy**, the R&D team has recently re-structured into five areas: Energy Transition, Science, Advanced Analytics, Operational Excellence and Services. Every day, more than 180 professionals work on innovative solutions to decarbonize the energy sector, with the aim of reducing CO₂ emissions. We are equipped with in-house quality control laboratories, state-of-the-art equipment and pilot plants

capable of recreating the processes we carry out in our Energy Parks and Chemical Plants. This makes it possible to create more efficient and environmentally friendly production processes, develop sustainable products and promote projects that have a positive impact on society.

We are realistic that we cannot solve every challenge ourselves. We have accelerated the development of partnerships, with more than 55 agreements with different partners (international research centers, start-ups, technology licensors and corporations, among others) in place to develop innovation projects. For instance, the **Cepsa Research Center** participated in five different partnerships on Carbon Capture and Utilization (CCU), solar fuels and plastic waste valorization, as part of the Horizon Europe Programme.

PROMOTING SUSTAINABLE BEHAVIORS

We developed a comprehensive approach to encourage sustainable behaviors amongst our 10,000 colleagues, both at work and at home. As part of our focus on our **refreshed values** and culture, we rolled this out in 2022. Our aim is to ensure that we empower our people to make sustainable choices. As part of our sustainable behaviors plan, we want to, for instance, encourage our people to lower the carbon impact of their commute by working in a more agile way. In addition, we aim to educate our employees on sustainable behaviors such as waste and water in daily life.



Linking Cepsa's financing to ESG performance

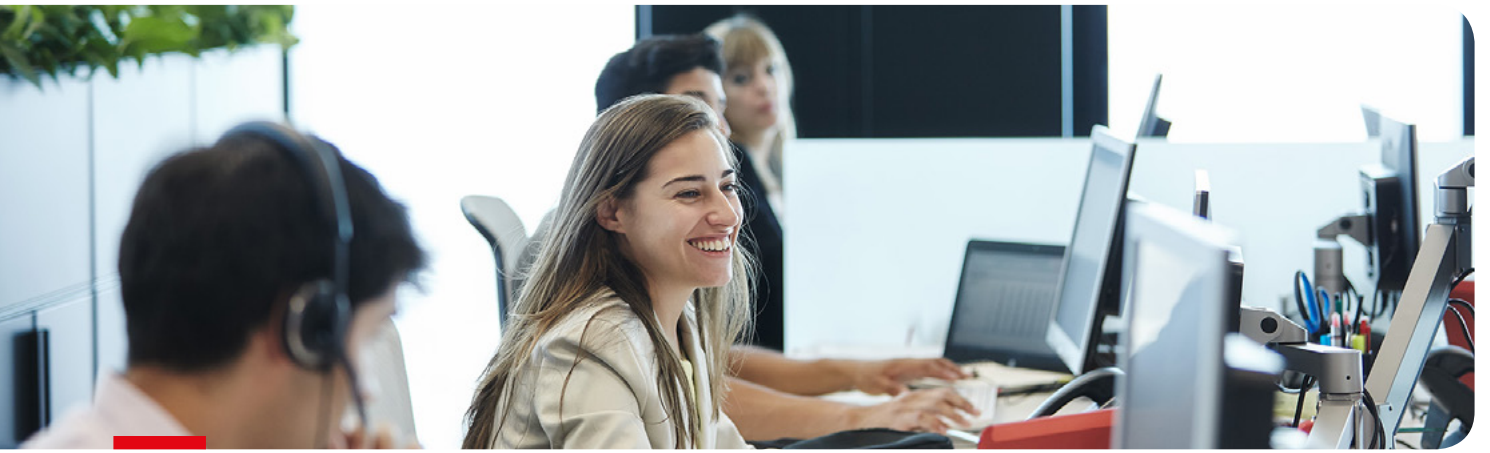
To drive the transformation of Cepsa in the light of the energy transition, Cepsa agreed the financial terms of its RCF to be linked for the first time to the fulfillment of key environmental and social indicators. Two key performance indicators (KPIs) are linked to Cepsa's 2030 carbon targets: progressive reduction in Scope 1 and 2 emissions to reach a 55% decrease in 2030 versus 2019 and a 15-20% decrease in the carbon intensity index of its energy products sales, which includes Scope 1, 2 and 3. A third KPI is aligned with Cepsa's gender diversity target that 30% of leadership positions be held by women by 2025.

Cepsa and its banking syndicate have committed to donating 100% of the interest adjustment, with each party designating the destiny of such donation equally. The donation mechanism is equivalent to a virtual credit margin adjustment where the achievement of each KPI determines if the donation is borne by Cepsa, the banks or shared among Cepsa and its lenders.



Laurie Chesne, who at Natixis CIB was involved in putting together the syndicated RCF, said: "From the outset, Cepsa was keen to be ambitious, aligned with best market practices and innovative. This RCF reflects these intentions with comprehensive climate KPIs and the unconditional donation linked to the interest adjustment were both Cepsa and the syndicated banks will select the beneficiaries."

Emilio López, who works in the corporate lending team at BBVA Madrid, added: "We worked closely with Natixis CIB on Cepsa's refinancing. A very positive element of the new facility is that it represents one of the very first times that Scope 3 (in the form of the carbon intensity index) is included as part of the KPIs. Especially for diversified energy companies like Cepsa that is an important signal to the market."



CREATING A FAIR AND FUTURE-PROOF WORKPLACE

Our approach to talent

We rely on the critical contribution of our 10,000 colleagues to deliver our Positive Motion transformation. That is why we are strongly committed to making Cepsa an increasingly inclusive space where individuality is respected, differences are valued and protected, and where all voices feel safe and heard. Underpinned by our culture, refreshed values and ways of working we invest heavily to attract, develop and retain the best talent.

OUR AMBITIONS

Our vision is to lead the energy transition by making sure that all our colleagues lives and contributes to our transformation. That is why we place knowledge, skills and experience at the heart of how we engage with our colleagues, always keeping in mind our values and desired behaviors, to become the team that can lead the transition we are working on. By doing this, Cepsa aims to deliver a just transition for its employees. We want to achieve a differentiated model that focuses on maintaining a fair and inclusive workplace where diverse, engaged and talented people flourish, in teams and in leadership roles.

ENHANCING OUR LEADERSHIP CAPABILITIES



Foster a more entrepreneurial and inspiring leadership model.

We are working on a strengthened Leadership Model with the goal of accelerating the development of the leadership style we need, based on our **refreshed values**. Empowerment, accountability and role modeling are core elements of the behavior we expect from our leaders. For our approximately 1,700 people who are managing teams, we are launching the People Leaders Hub. This is a development programme for team leaders to improve their management skills to motivate, lead change and create physically and psychologically

30%
Women in leadership
positions by 2025

safe environments. We are also supporting our more than 700 Heads of Department and top 100 Senior Managers through the eMotion Journey programme.

We are in the process of implementing new annual 360 feedback tools, which will enable everyone to evaluate their strengths and weakness against the Leadership Model, empowering them and developing their accountability to facilitate regular feedback with their teams and become a role model. To drive our purpose to transform energy and mobility, we have developed key behaviors that we'd like to see with all our colleagues and partners. Our core values of "we care about people" and "we look after the planet" firmly embed sustainability in our business behaviors. Showcasing these values and behaviors will be an integral part of our performance management system from 2023 onwards.

 **OUR COMMITMENTS**

Reach 30% of women in leadership positions by 2025.

Reach 2% of people with disabilities among our own staff and 1% of people with disabilities among external contracted personnel by 2025.

In 2022, we had 38% women across all our roles in our business and 26% of women at leadership level. We want to improve female representation at leadership level by 30% in 2025. To achieve these commitments, we have a global diversity, equality & inclusion (D&I) plan, focusing on recruitment, promotion and development as well as fostering an inclusive culture and reducing unconscious bias. This strategy is overseen by our D&I Council.

We want to empower our professionals to listen and engage on D&I, particularly through the growth of our Employee Resource Groups: @nex@ (gender), Equal (sexual orientation) and Capaz (disability). These bring affinity groups together internally to support each other: they count more than 1,500 members. In addition, we want to increase awareness of our strategy through our D&I Champions.

We are further embedding D&I in the talent processes of Cepsa, promoting a more strategic approach. For instance, we are building diversity dashboards across different career levels and launched an inclusive recruitment guide. We are taking steps to facilitate the integration

100+ Internal coaches & trainers at Cepsa

of disabled people into the company, for instance, through the Accessibility 360 Project to make our buildings and technologies more accessible.

BUILDING SKILLS FOR THE FUTURE

 **OUR COMMITMENT**

Develop a new, experience and technology-based learning strategy for the talent we need for the energy transition.

We want to ensure that all our colleagues have the necessary knowledge, skills and expertise to address the challenges of the energy transition and have a value-based career development at Cepsa. In addition, our refreshed values and culture are a core part of career development at Cepsa, encouraging all our colleagues to play an active role in transforming Cepsa. At the heart of our approach is our Reskilling and Upskilling Plan 2022-2025. This plan is based on specific learning programmes for improving the values, behaviors and competences needed by employees to deal with transformation. It is based on the principles of self-learning, using the latest digital technologies such as artificial intelligence. We are in the process of launching our Learning Experience Platform where all our colleagues can design their own development journey as well as a network of more than 150 internal coaches and trainers that enable people to access peer-based learning opportunities.

SAFEGUARDING A JUST TRANSITION

 **OUR COMMITMENT**

Develop a constructive dialogue with labor partners around adapting the workplace to the energy transition.

We are in frequent and fruitful dialogue with trade unions and workers' representative councils. In our collective bargaining agreements, we reinforced our commitment to the just transition by ensuring that we promote green job vacancies internally and provide learning and development opportunities through our Reskilling and Upskilling Plan. As our business transforms, we not only give our colleagues the opportunity to transform but also support local communities in developing new initiatives and lines of business.

TAKING ACTION

Across our business, this agenda is led by our HR function. All our talent standards are captured in our **Human Resources Policy**. In addition, we have a specific **Diversity & Inclusion Policy**, overseen by D&I Council to drive this agenda.



Equipping young talent for the energy transition

As Cepsa is transforming, we need a different mix of expertise, skills and capabilities in our workforce. The Challenging U programme is a way of attracting and developing talent from the next generation that has a strong belief in delivering positive impact on the world.

For the 2022 cohort, we received over 5,000 applications. The 76 successful candidates went through a Cepsa-funded 1-year MA programme to further develop their expertise, skills and capabilities. After the successful completion of the first year, they complete 2 or 3 rotations across the business, fast tracking their careers with additional training and benefits.

As Belén Vinaixa Kinnear, part of the 2021 edition of the Challenging U, points out: "I joined Cepsa in the Trading division, and thanks to the rotational program, I developed a wider point of view. First, I started in the Shipping Operations department, and now, I am in the Risk Management and Derivatives Hedging department. I am enjoying my new role at Cepsa, getting involved in everything that is going on. The Challenging U program creates an environment in which ideas are constantly exchanged. I can see that Cepsa is evolving quickly and this growth requires people from different backgrounds that can bring up new ideas."





MOVING THE WORLD TO NET ZERO

Our approach to climate

Climate change is the biggest challenge facing humanity today. That is why we are committed to take climate action by encouraging the reduction of greenhouse gases in our operations and those in our value chain; and by providing accessible, innovative and sustainable energy products and solutions to our customers. This will make for a stronger Cepsa, economy and planet for decades to come.

Net zero

Scope 1 and 2 emissions by 2050 at the latest

OUR AMBITIONS

We are building the new energy industry of the future at the same time as assuring the energy needs of today. As part of **Positive Motion**, we aim to become net zero in our own and our value chain emissions before 2050. We developed an ambitious Decarbonization Plan, which has been recognized as leading in the sector by the auditors using the ACT methodology, under the CDP umbrella.

DECARBONIZING OUR OPERATIONS

OUR COMMITMENT

Reduce Scope 1 and Scope 2 emissions by 55% by 2030, compared with the emissions of our reference year (2019).

OUR COMMITMENT

Achieve net zero emissions in our Scope 1 and Scope 2 emissions at the latest in 2050.

Our first step in our Decarbonization Plan is to reduce our Scope 1 and Scope 2 emissions. Backed by capital investment of over €900mn in this decade, this consists of the following levers:

- We are accelerating the implementation of a state-of-the-art Energy Efficiency Initiatives Plan to improve our energy efficiency across all our sites.
- We will move to 100% renewable electricity at our manufacturing sites as soon as possible. Almost 90% of

our electricity consumption is already renewable: for instance, our production sites in Iberia have already reached 100%.

- We are committed to gradually introduce electrification in our production processes, beginning with steam electrification and advancing in other areas as the technology becomes available and reliable.
- We will gradually introduce renewable fuel in our downstream production sites to reduce our manufacturing carbon footprint.
- We will phase out our fossil fuel-powered hydrogen production in our Energy Parks, consequently producing 100% renewable hydrogen for self-consumption in our facilities in Spain.



**OUR
COMMITMENTS**

Reduce our carbon intensity index of products sold to our customers between 15 and 20% by 2030 compared with the same Index in the reference year (2019).

Achieve net zero in our carbon intensity index at the latest in 2050.

As part of our Decarbonization Plan, we will dedicate 60% of our investment over the next decade to transform our energy offer and reduce the carbon intensity index of our products. This helps to deliver the decarbonization commitments of our customers, ranging from heavy industry and transport as well as end customers.

- We will produce at least 2.5mn tons of sustainable fuels including 1mn tons of hydrotreated vegetable oil (mainly dedicated to sustainable aviation fuel) in the Iberian Peninsula before 2030.
- We will create 2GW production equivalent capacity of renewable

15-20%

Reduction in carbon intensity of products sold by 2030

hydrogen by 2030 to be used in industrial facilities of our customers to be used in heavy transport and to be used to produce green ammonia and green methanol as marine fuel.

- We will stimulate the use of biomethane and other sustainable combustibles for heavy road transport.
- We will ensure we deliver a 7GW renewable projects pipeline in the Iberian Peninsula by 2030.
- As a bridge solution while we work towards fully sustainable green molecules, we will lower the carbon footprint of our products with at least 2MM of CO₂ through reforestation or other nature-based projects of at least 2,000 km² every year.
- We will ensure that there is a minimum of 1 charger every 200 km on key inter-

city corridors by 2030 by building an ultra-fast, on-the-go charging network.

- We will build hydrogen stations for all key road transport corridors connecting Spain to Europe to ensure that there is a minimum of 1 hydrogen refueling site every 300 km by 2030.

Cepsa has been a long-standing partner of hard-to-decarbonize sectors such as heavy industry and heavy transport (marine, road and aviation). Our main focus here is on green molecules: providing the sources of energy that are needed to accelerate the decarbonization journey of our customers. Working closely with these partners develops new business lines such as renewable hydrogen and biofuels for sustainable aviation fuel.

Accelerating electric mobility

We work to be a pioneer in accelerating the energy transition in Spain and Portugal through the promotion of the decarbonization of the transport sector, fostering sustainable mobility. We signed an agreement with Endesa that will make it possible for electric vehicle customers to use both company's respective digital platforms to access charging networks. The ultra-fast recharging network will be implemented by Cepsa and will have 150 kW points located on all corridors and main roads, joining Endesa X's existing infrastructure. This capability will allow users to recharge 80% of their electric vehicles' battery in just 10 minutes, demonstrating our commitment to the future of energy whilst assuring energy needs are met.

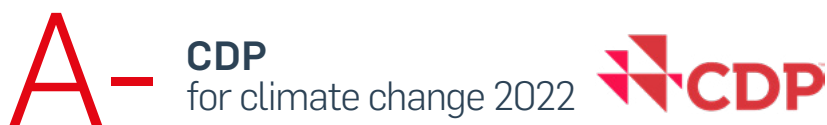


Elena Llorente, Head of Endesa X Way in Spain, commented: "Cepsa is a strategic partner to Endesa X Way. We share the desire to accelerate electrification and provide the best service to our customers. Our collaboration with Cepsa is accelerating a better future."

For our light transport customers, in turn, we are building the largest e-mobility ecosystem in Spain and Portugal, offering a 360° charging offer from home to ultra-fast on-the-go to facilitate an increase in green electrons but also the use of biofuels to achieve sustainable mobility. Combined with strong investment in innovation in the service experience at our stations, we believe we can drive sustainable solutions across society through the provision of innovative end-to-end solutions to turn service stations into ultra-convenience hubs.

TAKING ACTION

We are building a robust compliance environment using our Climate Action Policy. Beyond our Board and management engagement on climate change, we have invested in in-house expertise and capacity around carbon management. As part of the Plan and sustainability unit we set up the Carbon Cycle Department, which is tasked with driving our climate strategy. The Carbon Cycle Panel, formed by an



interdisciplinary, cross-organizational team, is primarily in charge of reviewing all opportunities to cut direct CO₂ emissions. The responsibility of developing sustainable solutions sits with individual businesses such as Chemicals, Energy Parks and Exploration & Production.

our climate change submission was recognized with an A-. We also support the recommendations of the Taskforce for Climate-Related Financial Disclosures.

To drive the implementation of the Plan, we implemented an internal carbon price to help account for the unpriced environmental costs of investment decisions and to incentivize emissions reduction projects.

An important part of taking action is disseminating comparable information. Cepsa discloses its climate impacts annually through the CDP. In 2022,

Building Southern Europe's sustainable aviation fuel hub in Seville

In 2022, Cepsa spearheaded an industry-wide collaboration to create a sustainable aviation fuel (SAF) hub at Seville airport. Aviation, closely linked with international tourism in southern Europe, is still at the start of its decarbonization journey and this hub accelerates that ambition.

More than 220 flights departed Seville Airport using SAF from Cepsa. The fuel, produced by Cepsa at its La Rábida Energy Park (Huelva) from olive pits and other plant-based waste from Spain's olive industry, was supplied by Exolum to all departing flights operated by Air Europa, Air Nostrum, Iberia Express, Ryanair, Vueling, and Wizz Air from the Seville terminal. This advanced biofuel covered 400,000 kilometers of an average aircraft's flight, the equivalent of flying around the world 10 times, or of supplying 400 to 500 hours of flight time. This initiative prevented the emission of more than 200 tons of CO₂, the equivalent to planting more than 2,500 trees. It allowed these airlines' aircraft to take off from the Seville terminal with 4.5% of SAF in their tanks, surpassing the 2% target set by the European Union for 2025.

This pioneering move in southern Europe reflects the entire sector's joint commitment to energy transition and sustainable tourism. Sergio Millanes, director of Seville Airport, said: "Today, together with Cepsa, we celebrate Seville Airport's commitment to the environment and Aena's commitment to sustainable aviation. As stated in our Climate Action Plan, Aena plays an integrating role across the aviation value chain (producers, distributors and airlines) in the implementation of SAF with the aim of helping to speed up the decarbonization of the sector."



Building a green hydrogen corridor

Cepsa and the Port of Rotterdam are establishing the first green hydrogen corridor between southern and northern Europe, ensuring a green hydrogen supply chain between two of Europe's main ports, Rotterdam and Algeciras. Cepsa plans to export hydrogen produced at its San Roque Energy Park in the Bay of Algeciras, through hydrogen carriers such as ammonia or methanol, to the Port of Rotterdam. Rotterdam is the most important energy port in Europe, handling 13% of European energy demand, while the Port of Algeciras is first in Spain, fourth in Europe, and an important trade route between Europe and Asia.

This will decarbonize industry and support the European Union's RePower EU strategy, which seeks to guarantee Europe's energy independence and security and stimulate the production of clean energy. The trade lane is expected to be operational by 2027. Cepsa also intends to develop a similar supply chain from its La Rábida Energy Park in Huelva.

"This agreement is an example of the important collaborations necessary to bring about the energy transition in Europe and to ensure secure and independent energy supply. Our investment will create the Andalusian Green Hydrogen Valley with 2 GW production equivalent capacity and would generate around 10,000 jobs in the years to come," said Maarten Wetselaar, CEO of Cepsa.

Nico van Dooren, Director New Business Development & Portfolio at the Port of Rotterdam, added: "The Port of Rotterdam is Europe's main energy port. We are actively seeking to replace the large volumes of oil and coal that flow through the Port with renewable energy such as hydrogen. Cepsa is an experienced, reliable and strong partner in the production of hydrogen and the corridor between Rotterdam and Algeciras will accelerate new trade lines for renewable energy within the European Union."





BECOMING A MORE CIRCULAR BUSINESS

Our approach to the circular economy

As a diversified energy company, we rely on the natural resources for our business. But we also recognize that natural resources are scarce and that we have a direct local impact on the environment in which we operate.

OUR AMBITIONS

Our vision is to become a key player in building a new consumption model that minimizes the use of virgin inputs, maximizes the use of waste as raw material, giving it a second life, leveraging our industrial capacity & know-how and to reflect it in our sustainable solutions.

INCREASING THE USE OF BIO AND CIRCULAR FEEDSTOCK



OUR COMMITMENTS

Increase the share of renewable and circular feedstocks in our Energy Parks to 15% by 2030. [This accounts for 2.8mt of biofeedstock by 2030, which includes 75% of 2G and other waste feedstock that would otherwise go to landfill].

Substitute our fossil sources in the chemical products we sell by introducing renewable and recycled materials.

100% of our renewable diesel and sustainable aviation fuel (SAF) new pure molecule production will be 2G feedstock based by 2030.

We are working with partners to accelerate the transition from a linear to a circular economy. Our focus with them is working on developing technology and securing alternative feedstock to generate advanced biofuels, asphalts and chemical products from biomass, waste, such as plastics, used oils or residual fats for non-food use.

To meet these challenges, we are upgrading and evolving our industrial assets to maximize bio 2G (feedstock that does not compete against edible food biomass) processing ability through technology, research, innovation and close co-operation as key drivers for change, leveraging our industrial capacity and know-how. This includes evaluation of new technologies, R&D projects for waste co-processing and synergies with other companies to boost industrial symbiosis.

GIVING SECOND LIFE TO OUR WASTE



OUR COMMITMENT

Increase the circularity of our waste streams by 50% by 2030.

We take a "towards zero waste" approach on our sites and businesses: we will continue to identify technologies and partners to, firstly, minimize the production of waste and secondly, give a second life to our waste streams. For instance, more than 90% of the waste generated in our Mobility & New Commerce and Commercial & Clean Energies businesses are being valorized and we'd like to see this across all our business units.

We have built a phased approach to tackling different categories of waste

generated in our operations, tailored to each business unit and type of waste. Covering a wide range of waste in all of our business units, we are developing flagship projects that focus on specific waste streams such as catalyst and waste from waste-water treatment.

TAKING ACTION

We built a robust compliance environment with our **Health, Safety, Environment and Quality Policy**. We set up a Circular Economy Taskforce which works across divisions and business units to drive circularity in our business and our products. This includes evaluation of new technologies, R&D projects for waste co-processing and synergies with other companies to boost industrial symbiosis. We also have groups that work on specific challenges such as the circular economy.

15%

Share of renewable and circular feedstocks in our Energy Parks by 2030

Circularity in chemicals

As of today, 85% of the overall carbon demand in chemical and derived materials sector is still met using fossil fuels. Cepsa Química has supplied consumer goods leader Unilever with NextLab, a new range of sustainable products which include renewable and recycled raw materials. This sets a new milestone for circular chemistry, as NextLab is made using "green carbon" derived from biomass instead of the fossil fuels the industry has employed until now to make cleaning and laundry products.

Cepsa Química uses a Mass Balance approach to create NextLab. Through Mass Balance, traditional black carbon sources are blended and co-processed with those from plant-based sources, known as green carbon. So, thanks to the Mass Balance approach, we can guarantee how many sustainable sources are used in the process. This way of manufacturing is not only the most viable, short-term alternative to purely fossil-carbon derived products, but it also constitutes a vital steppingstone in the shift from petrochemical to renewable feedstocks.



Unilever is the world's first user of NextLab, which incorporates biomass of certified origin, resulting in a LAB identical in properties and performance to traditional one. The company will use NextLab to make Linear Alkylbenzene Sulfonate (LAS), the world's largest-volume synthetic surfactant and its key raw material for brands such as Persil, Cif and Sunlight.

Alastair Sanderson, R&D Manager at Carbon Rainbow in Unilever said: "Cepsa are one of Unilever's key partners for one of the biggest materials we use in our Home Care portfolio surfactants such as LAB and the LAS. Working together we can drive this agenda faster to move away from virgin fossil carbons to alternative sources of renewable and recycled carbon."

Scaling innovation for transition fuels

Cepsa was a pioneer in Europe by being the first company to produce Hydrotreated Vegetable Oil (HVO) by means of co-processing in Spain. In 2005 we started the study of the potential of vegetable oils, microalgae oils and animal fat in hydrotreating, hydrocracking, isomerization, FCC, catalytic reforming and thermal cracking in pilot and industrial plants.

The META project has combined all these R&D developments and expertise acquired and our internal industrial know-how, to launch a series of fast execution projects that have allowed us to reach a production capacity of 330 t/y of biofuels and bio-chemicals in 2021. "The META project was from its inception an incredibly ambitious project. We promote innovation and collaboration through the META task force, an internal working group made up of business and functional units to accelerate sustainable co-processing projects. This includes evaluation of new technologies and R&D projects for waste co-processing. It brought together people across Cepsa to collaborate in a way that had never been done before: including trading, commercial, engineers and technicians. That's because these new fuels cannot exist without reliable feedstock, arranged by my trading colleagues, and clients who will use the new fuel, secured by my commercial colleagues. Whilst it was a real technical challenge, I enjoyed the collaboration aspect the most, learning from my colleagues," said Carlos Prieto Velasco, Manager of the Operational Excellence Department at the Cepsa Research Center.

The META project has now entered its second phase of producing advanced and circular biofuels from renewable feedstock co-processing in our existing assets. We are focusing on meeting RED II and RED III regulations for safe car transport fuels, aviation bio-kerosene, ships and specialties. Leading a scientific team of around 45 people, said Carlos: "I feel like we, at R&D, are making a small but significant contribution in a larger chain of decarbonizing heavy transport and industry. We are already now thinking of further innovation opportunities around heavy fuel for maritime shipping and biofuel for sustainable aviation fuel. All these will make an important contribution to the transition towards a net zero world."

These advanced, second generation and circular feedstocks are exceptionally difficult to process in existing facilities not originally designed for this purpose. Therefore, intensive R&D testing and collaboration with technology providers are being developed in order to find the most efficient way to utilize Cepsa's assets.

The results from the testing will soon be implemented at industrial scale increasing the current co-production of these essential new circular and second generation products.





PRESERVING WATER AND BIODIVERSITY

Our approach to natural capital

Natural ecosystems are fragile and under threat due to climate change and the changes in land use. As our business relies on the natural environment, it is important that we develop an approach to make a contribution to the protection of biodiversity and water, which are crucial elements of natural capital. We take a lifecycle approach to water in our operations, especially as we have water-intensive facilities in high-stress water areas as well as a holistic approach to biodiversity.

A-
CDP score
 for water
 security 2022



OUR AMBITIONS

Our main goal is to protect, conserve and improve the natural ecosystems in which we operate, of which biodiversity and water are essential parts. Our vision is to protect this natural resource and promote responsible water consumption. For this, we are developing a new strategic approach to biodiversity for our business.

Through investments in more efficient technology, we are reducing our water consumption; we also focus on increasing the reuse and recycling of water in our operations and reduce our discharge impacts. We have identified a range of future projects to roll out further water saving opportunities such as new maintenance processes for crude oil tanks, retrofitting our water treatment plants and Reverse Osmosis Reconfiguration.

Water Panel, an internal working group that analyses water management and identifies and evaluates new initiatives and projects.

MINIMIZING OUR WATER USAGE



OUR COMMITMENT

Reduce our freshwater withdrawal in high stressed water areas by 20% by 2025 (reference year: 2019).

In addition, we focus on raising awareness around water internally and with our suppliers and local stakeholders. For new projects and operations, water management plays a role in investment decisions. To move towards our target, we set up the

OUR COMMITMENTS

Not to operate any new oil and gas exploration or production activities inside the boundary of UNESCO World Heritage sites¹.

Work to mitigate the impacts on biodiversity during planning and development of our projects and operations in oil & gas exploration and production.

Evaluation of impacts on biodiversity and dependencies associated with the ecosystem in existing industrial sites.

As we embark on our Positive Motion transformation, we are improving our understanding of the interdependency of our business and the impact it has on biodiversity. We are translating this into a strategic approach including our new commitment to protect biodiversity. This includes the identification and periodic assessment of the main impacts of our activities on biodiversity in production plants located within or adjacent to critical biodiversity areas. We already assess the impact each project has on biodiversity and raise awareness amongst all stakeholders on what they can do to protect biodiversity.

We will be building on our current management of biodiversity, which includes Biodiversity Action Plans, Mean Species Abundance (MSA) index analysis and biodiversity monitoring and assessment systems. We work closely with public administrations, non-governmental organizations, local communities, experts and other stakeholders.

20%
Targeted reduction of freshwater withdrawal in high stressed water areas by 2025

TAKING ACTION

We have a specific **Biodiversity Policy** and our water management falls under the umbrella of the **Health, Safety, Environmental and Quality Policy**.

Progress and performance are overseen by the Water Panel and the Biodiversity Team, internal steering groups consisting of expert representatives.

1. <https://whc.unesco.org/en/list/>

Restoring wetlands under threat

In Mediterranean countries such as Spain, more than 50% of biodiversity is concentrated in wetlands. The Laguna Primera de Palos, located in Andalusia, is a prime example. These wetlands are under threat: not only from climate change but also from the impact of growing land dedicated to industrial, agricultural, residential and touristic use. Over two decades, Cepsa and the Government of Andalusia have been collaborating on a large restoration project, setting the benchmark for this type of intervention.

The project covered the reintroduction of species that had fled in search of healthier habitats; increasing populations of those that still remained, although with very reduced populations; the progressive return of the plant richness that the area originally had; and intervention on the topography to favour the generation of shallow areas. This has restored the wetland to rude health and it has now been enjoyed by more than 90,000 visitors through its environmental awareness programmes.



Juan Carlos Rubio, recently retired Director of National Parks in Andalusia, said: "Working on the preservation and restoration of Laguna Primera de Palos has been very rewarding. Working closely together with visionary partners such as the Fundación Cepsa we've seen a true explosion of life returning to the lagoon. This shows how working together to preserve is something that benefits everyone."



TOWARDS A ZERO HARM COMPANY

Our approach to health & safety

As a diversified energy company working in and around areas from complex and large industrial facilities to localized customer service points, health and safety is a foundational part of our company's DNA. Safe working environments are fundamental to all our people, contractors, suppliers, customers and neighboring communities; and together with the integrity of our facilities and operations makes a significant contribution to being a trusted partner.



Fatalities for over **the last ten years**

OUR AMBITIONS

Our vision is to take care of all the people who work in and collaborate with our company, our customers, the communities and the environment in which we operate. We want to be a benchmark for safety performance in our sector. We want all our people, including contractors, clients and everyone with whom we interact, to be kept safe from harm, aiming for zero fatalities and life changing incidents.

CREATING A CULTURE OF CARE



OUR COMMITMENT

Live a culture of safety where everyone takes care of each other.

At the heart of getting everyone to genuinely care for their own and everyone else's safety, we are rolling out the Safety Excellence Project. This is comprised of several planned actions that are grouped into six lines of work: safety and risk awareness, competency and motivation, performance monitoring and indicators, best practices, audits and inspections, and contractor management.

We are committed to enhance our communications to colleagues and partners around health & safety. It is crucial that everyone has a clear understanding of where we want to be, what we are doing and what is happening. That's why, through our increasing number of Safety Champions, we are putting a special emphasis on improving dialogue around pinpointing risks and lessons learnt, taking action on preventing unsafe situations from reoccurring.

WORKING TOWARDS A ZERO HARM WORKPLACE



OUR COMMITMENT

Be a benchmark in our sector for process safety and asset integrity.

We have a **Process Safety Management Framework** that follows best practices as established by the Energy Institute. Our focus for the future is on ensuring the safety, effectiveness and ease of use of technologies in all our operations.

In addition, we ensure the integrity of our assets through inspections, maintenance and investments. We focus on equipment integrity, out of service equipment, cybersecurity in operations, life cycle and alarm management.

We aim to strengthen our process safety practices; for instance, we are enhancing our Pre-Start Safety Reviews, as a rigorous and structured verification review process in our sites, and improving our Operational Principles to raise everyone's risk awareness.

TAKING ACTION

At the heart of a culture of care around safety sit clear and robust policies and procedures. Our **Health, Safety, Environment and Quality Policy** is the cornerstone of our compliance environment. We operationalize this policy in every facility through our health & safety teams as well as our HR and Technology colleagues.

Creating a safer supply chain

We want to extend our culture of care into Cepsa's supply chain. We want our suppliers to create a zero-harm workplace for their people and for our end customers too. That is why we take a partnership approach to health & safety in our supply chain. A good example is our close collaboration with transport company Babé y Cía. Having worked together since 1992, CEO Cristina González told us what it is like working with Cepsa: "We feel like a true partner of Cepsa working together on all issues on security and safety. Our 250 colleagues at Babé y Cía are responsible for transporting fuel, such as diesel for heating, and materials such as asphalt and concrete across Spain and beyond. We set the highest standards around health and safety together and are in touch monthly to assess progress. Beyond health and safety we are now also working on greening our transport services. That's all thanks to the long-standing partnership with Cepsa."





BEHAVING ETHICALLY AND RESPECTFULLY

Our approach to ethics and human rights

Behaving with integrity is critical to the success of our company. Ensuring that human rights are respected and complying with legislation in the countries where we operate is a corner stone of ethical behavior. These principles form the basis of becoming a trusted partner to our stakeholders, delivering our Positive Motion strategy and making a positive contribution to the economy and society.

100%

Our target in the percentage of our workforce that has undergone ethical behavior training by 2025

OUR AMBITIONS

Our vision is to build a culture of integrity and ethical behavior amongst our people and stakeholders, specifically suppliers, that work with us. We want to be publicly recognized as an ethical and respectful company.

PROMOTING AN ETHICAL CULTURE



OUR COMMITMENTS

Stimulate a culture of integrity, ethics and compliance as our company grows.

No cases of corruption or anti-competitive behavior brought against Cepsa.



OUR COMMITMENT

100% of our colleagues to complete compliance training annually by 2025.

Our value “together we create more value” has integrity as a fundamental pillar, as a guide for all our actions: we do the right thing at any time, even though no one is looking. Ethics is highly integrated into Cepsa's corporate culture because it is key to caring for the planet and creating a sustainable energy future. We face change and the challenges we tackle with enthusiasm, passion and courage, leading cutting-edge projects in which complying with the law and zero tolerance for any type of inappropriate behavior is essential.

All of us who work at Cepsa have the responsibility to act with integrity and honesty to ensure the company's reputation at all times, generating positive impacts for society. Our managers and heads of department lead by example, ensuring not only that our zero-tolerance compliance culture is understood, but that ethical behavior is one of the cornerstones the almost century-long history of our company is built upon.

As a diversified energy company, we create more value by working together effectively with respect, honesty and integrity, connecting with people: our colleagues, our customers, suppliers and shareholders. All this, with the aim of advancing on our path towards decarbonization and sustainability.

Anyone can report any irregular conduct through our Ethics and Compliance Channel, being able to do so anonymously. We maintain a strict policy of confidentiality and non-retaliation in the management of the channel.

A team of highly qualified experts help businesses to do the right thing through awareness campaigns, internal control reviews and also individual help when some clarification is needed.

EMBEDDING HUMAN RIGHTS



Roll out human rights training to people in positions related to this matter.

We developed our Human Rights Policy in alignment with international standards and practices, such as the Voluntary Principles on Security and Human Rights. It includes guidelines applicable to the behavior of our colleagues and all other stakeholders we interact with in our locations. We have developed a **Security Policy**. Together with our **Code of Ethics and Conduct**, these policies form a compliance environment that ensures that we avoid infringements of people's human rights.

€6,654mn

Total tax contribution by Cepsa in 2022

We have developed a human rights impact assessment methodology in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Due Diligence. We are rolling this tool out country-by-country. Cepsa is also training our colleagues that are involved in the implementation of our human rights-related tools.

BEING A RESPONSIBLE TAX CITIZEN



Being transparent about local taxes paid as a responsible tax citizen.

In order to be transparent and responsible when it comes to meeting our taxation requirements in the countries where we operate, we have developed a **Corporate Tax Policy**. We want to underline that our aim is to meet all our tax obligations as we believe that taxation has positive socioeconomic impacts in the societies where we work. We are transparent about where and how we pay tax in our **Country-by-Country Report**.

TAKING ACTION

Ethical behavior is regularly discussed at the Board as part of the Audit, Compliance, Ethics and Risks Committee. We stimulate ethical behavior by setting the right example and raising awareness of what it means in our day-to-day lives. That starts with the tone from the top. With the help of our audit and legal function we monitor compliance and take action where required following whistleblowing recommendations or independent research. These functions champion human rights together with our entire management on a country-by-country basis.

Marking Ethics Day

Ethical behavior is something that needs to be positively reinforced regularly. We do that through internal communications and events, linked to our culture and refreshed values, especially the "together we create more value" behavior that reinforces an ethical approach. For instance, every year, we celebrate the Ethics Day.

Through a programme of internal communications and events we reinforce the importance of ethics in our everyday life. In 2022, under the slogan: "Act with integrity and respect. If you see something inappropriate, speak up!" we reflected on the importance of combating harassment and inappropriate behavior at work.

On this day, we also recognize the above-and-beyond commitment to ethics shown by some of our colleagues. The Compliance Believers 2022 award ceremony was conducted by our independent director and Audit, Compliance, Ethics and



Risk Committee chair and celebrated the contribution of these exceptional people across our business.

Independent auditor from certification agency AENOR, José Luis Moreno Gil, had this to add about Cepsa's approach to ethics: "My years of experience as an independent auditor on ISO standards tells me that, from the prism of compliance, Cepsa would not be awarded certificates for its high standards and its approach to ethics, if they were not doing something well."



ENABLING A SUSTAINABLE SUPPLY CHAIN

Our approach to supply chain

We rely on many supply partners in the day-to-day operation of our business. Without access to raw materials, equipment, skilled people or specific expertise, we would be unable to deliver sustainable value. Being a trusted partner that our suppliers can depend on makes a positive contribution in many of the regions where we operate.

100%
Of major suppliers to undergo ESG scoring by 2025

OUR AMBITIONS

We are committed to promote a socially responsible and sustainable supply chain by integrating environmental, social and governance aspects into our procurement processes, extending this commitment to our suppliers and setting targets related to enhanced ESG performance, as a means of guaranteeing supply chain integrity and sustainability. Through promoting innovation and collaboration, this generates a positive impact locally for businesses and communities.

EMBEDDING ESG IN OUR SUPPLY CHAIN

OUR COMMITMENTS

Increase the share of major suppliers with ESG scoring to 100% by end of 2025.

Increase the share of all suppliers with ESG scoring to 80% by end of 2025.

Working with more than 3,000 suppliers on an annual basis, our procurement team has embedded ESG considerations into our due diligence protocols and has developed a centralized procurement platform and robust approval process. We developed an ESG scoring that takes into account social, environmental and governance information and references to some of our material topics, such as climate action, biodiversity, human rights, water and circular economy.

ENHANCING COLLABORATION AND INNOVATION

OUR COMMITMENT

Become a benchmark for an engaged and sustainable supply chain in our industry.

We started a number of initiatives focused on collaboration and innovation with a view to improve the ESG performance of our supply chain.

- We regularly organize Suppliers Days where we convey our strategy and fundamental ESG issues on which Cepsa wants its supplier to focus on.
- To train our procurement team and our suppliers, we are rolling out a Procurement Academy for buyers and a Campus platform for suppliers.

Amongst the topics discussed are diversity & inclusion, cybersecurity, the Sustainable Development Goals and our Supplier Code of Ethics and Conduct.

- We are accelerating the implementation of ESG best practices through our Development Meetings, discussing with suppliers their scoring and opportunities to improve their performance.

TAKING ACTION

In our **Supplier Code of Ethics and Conduct** we outline what we expect our suppliers to take action on. The Supplier Code protects the integrity and transparency of the contracting process and reflects our strategic priorities around ESG. The **Sustainable Procurement Policy** leverages additional ESG drivers in the decision-making. We aim to align our suppliers' performance with Cepsa's overall strategy.

80%
Of all suppliers to have ESG score by end of 2025

Recognizing supply chain leadership

We run the wePioneer award programme every year to identify best practices on ESG in our supply chain and recognize the leadership of our suppliers. We also run the programme to highlight how central sustainability is to the success of Cepsa and Positive Motion. In 2022, we focused on circular economy. We gave awards to Confecciones Oroel, Regenera Gestión de Residuos and Nalco, in recognition of their efforts on building a more sustainable company and their projects in this space. We asked Confecciones Oroel one of the winners in 2022 about their partnership with Cepsa and Luis Del Corral, President of the company highlighted the wePioneer award is "part of a sustainability project. But of course, a global sustainability project is complicated, it is not as tangible as one may think, many other factors come into play, such as the durability of the garment. In other words, we strive for our product to be sustainable by itself." In 2023, we will continue with this programme focusing on ESG.

Felipe Blanco, Director at Confecciones Oroel also commented: "As a company that produces personal protective clothing, we are aware of the high climate and environment impacts of textile. We wanted to improve the circularity of our products and we could not have done that without Cepsa's support. From sourcing new recycled materials to creating a circular "renting" model, the support of committed clients like Cepsa is important. Without it, we could not innovate and invest in new processes."





DELIVERING POSITIVE IMPACT IN OUR COMMUNITIES

Our approach to community investment

Our operations have a direct and indirect impact on the local communities where we are based: directly through our workforce and supply chain but also indirectly through employment in the supply chain and local educational institutions. We strongly believe that, as a result, we have to invest in the prosperity of our local communities and cannot be successful without positively improving people's lives.

OUR AMBITIONS

We respect each culture and keep communication channels open to identify and respond to local concerns. It is our aim to invest in social actions to meet the needs and priorities of society at the local level. Through the Fundación Cepsa, we focus on three impact areas: social, environment and scientific support. We also recognize there are issues that affect all impact areas and recently introduced a focus on the ecological transition too.

LISTENING TO LOCAL COMMUNITIES



Actively engage with our local communities where we operate to understand how Cepsa is impacting.

We have learnt that local communities are more than able to identify and address their social challenges. So, the cornerstone of our approach is stakeholder engagement in the local community. Across all our facilities we engage in constructive and regular dialogue with representatives from the local communities to understand how Cepsa is impacting their lives. This includes local businesses, local governments, our suppliers and partners, and local community groups.

A good example is our 'Sumamos Energías' programme. Through this programme, we work hand in hand with local government and involve the public in the design and implementation of renewable projects. Our objective is to develop shared value, promote socioeconomic development and increase natural capital.

NURTURING LOCAL INITIATIVES



Support community organizations based locally to Cepsa.

Through the Fundación Cepsa we invite non-governmental organizations and community initiatives to come forward to request financial support to achieve their social objectives. Over the past 5

years, we have on average funded more than 200 organizations, ranging from foodbanks to training programmes for young people. Where possible, we work longer-term with our partners to deliver positive impact in the local community, grouped across the three focus areas and the transversal issue of the ecological transition. Over the last five years, we have supported more than 200,000 direct and indirect beneficiaries per year.

TAKING ACTION

We empower our colleagues to make a positive contribution through volunteering, which we have centralized and professionalized through establishing the Fundación Cepsa. The Fundación is managed separately from Cepsa but its goals are aligned to the positive impact we want to achieve. The Fundación Board is independent from Cepsa.

Delivering positive impact on local communities in Peru

In 2021, Cepsa was part of the first public-private partnership to improve the roads in the town of Macuya. This town, located in the Tournavista District, Puerto Inca province, Huanuco region, is located close to the Los Angeles field operated by Cepsa in Peru. Cepsa financed the project with logistic support from its project partners.

The focus of the project was to improve eight roads in Macuya. Cepsa was part of the first public-private partnership in the region, including the governments of Macuya, Puerto Inca and Tournavista; the Ministry of Energy and Mines; the General Office of Social Management; the Presidency of the Council of Ministers; the Secretary of Social Management and Dialogue; the Peruvian army; the Ministry of the Interior; the General Directorate of Public Order; the Provincial

200,000+

Direct and indirect beneficiaries reached annually for the past 5 years



Road Institute of Puerto Inca and local community groups. The dialogue to bring all parties together was started in 2021 and delivered results in 2022.

A total of 8 roads were improved with a length of 12.2km. These improvements directly affect 1,200 families, mostly engaged in agricultural activities. Specifically, it enhances their ability to transport their produce and livestock to markets to sell their produce and livestock where they previously were not able.

Gladis Claudia Vega Valentin from the Ministry of Social Engagement and Dialogue commented: "This project is a good example of what public-private partnerships can achieve. With Cepsa's financial support we have been able to make a tangible difference to the lives of the people in Macuya."

This project directly impacts three Sustainable Development Goals. SDG 2 Zero Hunger is addressed because it has enhanced the ability of families to reach beyond local markets and increase their sales. With the improved roads, transport is possible during rainy periods, which provides year-round income for families.

SDG 11 Sustainable cities and communities is enhanced through the provision of access to communal facilities such as health, education and justice for the 1,200 families served by the roads.

SDG 17 Partnerships for the Goals was addressed by the enhanced dialogue between private and public partners to support the local community and bring expertise and capability together effectively.



TURNING COMMITMENTS INTO ACTIONS

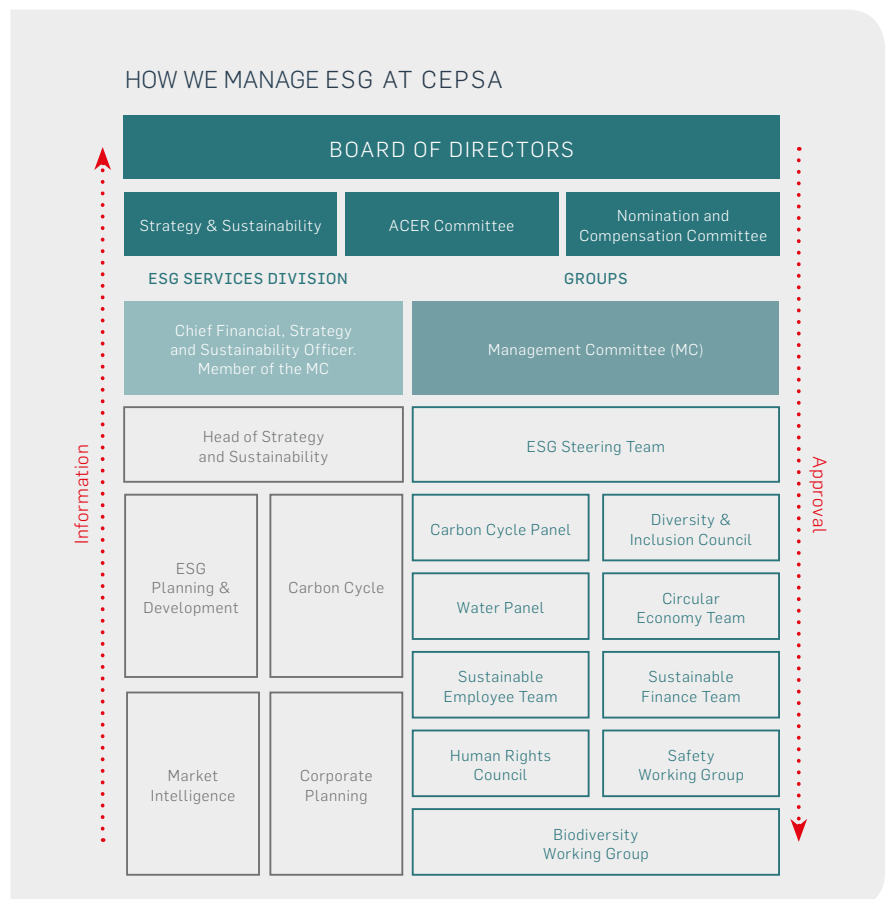
Our governance of ESG

Effective governance of ESG is key to the success of our Plan. Formalising the role of the Board, management and the functional and business units around ESG ensures accountability, so that we can turn commitments into actions.

LEADING FROM THE TOP

We've developed a Corporate Governance System that enables our Board and the entire management team to lead from the front on ESG. The Board sets our overall direction and ambition and monitors our performance regularly through the **Strategy & Sustainability Committee**. With help from the **Risk and Audit Committee**, the Board also oversees ESG-related risk.

The Management Committee are responsible for the implementation of the Sustainability Plan and direct the functional and business units to take action. In order to align management to our strategic priorities, we ensure that between 15 and 25% of management remuneration is linked to ESG commitments.



MAKING CHANGE HAPPEN

Bringing together the appropriate experience and expertise, our ESG agenda is led internally by our ESG Department. ESG is a transversal issue, working across all our functional and business units. We convene their leaders with our ESG Steering Team to implement the roadmaps in each part of the business, from divisions to countries.

COMMUNICATING OUR PROGRESS

We are committed to keep all our stakeholders informed about the progress of and involved in the Sustainability Plan. Through our statutory communications, such as our **Integrated Management Report**, we share our performance in the

context of our business performance. In addition, we are also increasing our specific sustainability-related voluntary disclosures on our website, our social channels and with initiatives such as the CDP, the Global Reporting Initiative, the Sustainability Accounting Standards Board and the Taskforce for Climate-related Financial Disclosures.

MITIGATING OUR RISKS EFFECTIVELY

We have put in place a robust, enterprise-wide risk management process that identifies our ESG risks and how we can mitigate, reduce or manage them. Led by the legal and assurance functions, the risk register is regularly updated to keep abreast of changing regulation and stakeholder expectations. Understanding

our risk exposure has helped us to identify what we need to put in place for the challenges and opportunities associated with the energy transition.

BEING TRANSPARENT

We remain committed to sharing our performance and progress on financial and non-financial metrics transparently. Despite being a private company, we publish our main financial results every quarter. In addition, we disclose a range of ESG-related metrics in our **Integrated Management Report** and through our various digital channels such as our website and social media. We also disclose our tax contributions on a country-by-country basis.





DRIVING THE GLOBAL AGENDA

Aligning our actions to the SDGs

As part of the 2030 Agenda for Sustainable Development, all United Nations member states adopted 17 Sustainable Development Goals (SDGs) in 2015 and are determined to meet the needs of the present without compromising the ability of future generations to meet their own needs. These SDGs, applicable primarily to countries, set out the global agenda for the next decade on a range of issues. At Cepsa we are making a valuable contribution to the 2030 Sustainable Development Agenda.

IDENTIFYING OUR PRIORITIES

In order to accelerate our positive impact, we identified our priority Positive Motion strategy and Sustainability Plan. We invest in these areas to drive positive impact, but our activities also impact other SDGs.

OUR PRIORITY SDGs



Through our Positive Motion strategy, we have identified ways to produce affordable and clean energy for ourselves and for customers – for instance in the form of renewable hydrogen, biofuels and solar & wind power. Through scale and efficient facilities we are able to make this competitive in the market to power families and businesses.



Through our people agenda, we focus on ensuring that the overwhelming majority of our people is in permanent roles and is remunerated appropriately according to their experience and skill. We work with suppliers and partners to stimulate economic growth in our supply chain.



We can deliver both energy and solutions to enable customers to live their lives in a way that is within planetary boundaries. Powering our service stations with renewable energy, we are facilitating families to decarbonize their transport and move towards a more circular consumption model.



We are taking steps to reduce our carbon emissions in line with international agreements such as the Paris Climate Change Agreement. In addition, we are helping our customers to accelerate their decarbonization journey in the heavy industry and transport sectors.







BUILDING ON OUR TRACK RECORD

Our ESG journey to date

We embarked a decade ago on our ESG journey with our first Corporate Social Responsibility (CSR) Plan in 2013. Since then, we have achieved many significant milestones, during which we have delivered positive impact across the sustainability agenda. As a result, we are well positioned to deliver on our current Sustainability Plan.

OUR HISTORY OF SUSTAINABILITY

 GLOBAL VISION	2013: First Corporate Social Responsibility (CSR) plan	2017: First FTE exclusively dedicated to CSR 2018: First CSR policies	Dec 2020: Creation of ESG governance model Jul 2021: Sustainability included in BoD Committees Oct 2021: Established new policies architecture	Jan 2022: ESG integrated with Finance and Strategy Mar 2022: ESG training program online platform for suppliers
 DIVERSITY & INCLUSION	2009: First woman Managing Director	2018: First employee network for gender equality	2020: Creation of employee network for LGBTIQ+ inclusion 2020: Employee network to foster the inclusion of employees with disabilities Jul 2021: Creation of diversity and inclusion Council	Jan 2022: Two women in CD Jun 2022: Incorporation to the Standards of Conduct for Business to promote inclusion of the LGBTIQ+ community
 REPORTING & THIRD PARTY ASSESSMENT	2003: First CSR report using GRI 2014: First CDP scoring 2014: First ESG scoring, requested by customers	2019: Second ESG scoring, requested by banks 2019: First TCFD approach	2020: Published first Integrated Management Report Dec 2020: First ESG rating proactively requested by Cepsa	2022: Added SASB standard to our reporting Jun 2022: Annual goals for non-financial targets
 STAKEHOLDERS ORIENTATION	2005: Joined UN Global Compact	2016: Creation of Cepsa's Foundation 2018: Joined Forética 2018: First SDGs prioritization 2019: wePioneer awards with focus in ESG aspects	2020: Published first Integrated Management Report Feb 2021: Joined IPIECA Sep 2021: First stakeholders survey Sep 2021: Endorsement of "Zero Routine Flaring by 2030" initiative	Mar 2022: Endorsement of "Women's Empowerment Principles" Mar 2022: Positive Motion presented, disclosing strategy and GHG emissions commitments



OUR SUSTAINABILITY PERFORMANCE

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

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

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

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



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