CEPSA

Annual Report and Corporate Responsibility Report 2013

Energy in expansion

Key Performance Indicators

Results

Millions of euros

	2013	2012	2011
SALES TURNOVER*	**25,245**	26,808	24,681
ADJUSTED OPERATING INCOME	**691**	1,000	819
ADJUSTED NET ATTRIBUTABLE PROFIT	**371**	555	425
NET ATTRIBUTABLE PROFIT (IFRS)	**534**	576	640

* *Not including the excise tax on oil & gas.*

Financial Data

Millions of euros

	2013	2012	2011
SHARE CAPITAL	**268**	268	268
NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**6,357**	6,243	6,026
NET FINANCIAL DEBT	**825**	1,528	1,431
INVESTMENTS DURING THE YEAR	**926**	734	745
INVESTMENT IN CORPORATE RESPONSIBILITY INITIATIVES	**3.9**	4.4	4.1
DIVIDENDS DISTRIBUTED BY CEPSA	**361**	321	321

Operational Data

	2013	2012	2011
CRUDE OIL OUTPUT (*WORKING INTEREST*) (BOPD)	**87,878**	104,277	120,809
CRUDE OIL SALES (BOPD)	**25,518**	26,213	24,920
DISTILLED CRUDE OIL (BOPD)	**454,246**	483,988	444,680
PRODUCT SALES (MILLIONS OF TONS)	**25.3**	29.3	29.3
ELECTRIC POWER PRODUCTION (GWh)	**2,299**	3,825	3,424
NATURAL GAS SALES (GWh)	**29,833**	29,047	25,250

Market and Business Data

	2013	2012	2011
BRENT CRUDE OIL PRICE ($/BARREL)	**108.7**	111.58	111.27
CRACKING REFINING MARGIN ($/BARREL)	**3.94**	6.3	2.1
HYDROSKIMMING REFINING MARGIN ($/BARREL)	**-3.90**	-1.4	-4.4
ELECTRICITY POOL PRICE (€/MWh)	**44.26**	47.23	49.93
NATURAL GAS PRICE (HENRY HUB SPOT €/MWh)	**16.9**	12.1	9.80
EXCHANGE RATE $/€	**1.328**	1.285	1.392
THREE-MONTH EURIBOR RATE (%)	**0.22**	0.57	1.39
CPI (%)	**0.3**	2.9	2.4

Staff

	2013	2012	2011
NUMBER OF EMPLOYEES	**11,069**	11,743	12,006
TRAINING HOURS	**396,908**	394,036	427,368
LOST-TIME ACCIDENT FREQUENCY RATE*	**2.61**	2.64	3.07
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES (MILLIONS OF EUROS)	**610**	596	587

* *Number of lost-time accidents per million hours worked (Company staff).*

Environment

	2013	2012	2011
ENVIRONMENTAL EXPENSES (MILLIONS OF EUROS)	**83.59**	83.89	72.71
ENVIRONMENTAL INVESTMENT (MILLIONS OF EUROS)	**12.55**	19.24	19.34
DIRECT ENERGY CONSUMPTION (THOUSANDS OF GIGAJOULES)	**94,304**	104,840	105,670
WATER CONSUMPTION (THOUSANDS OF M^3)	**36,751**	37,671	43,409
TOTAL EMISSIONS (kt CO_2 eq)	**5,470**	6,082	6,244

Key Indicators

MILLIONS OF EUROS

Indicator	2013	2012	2011
TURNOVER (EXCLUDING EXCISE TAXES)	25,245	26,808	24,681
ADJUSTED OPERATING INCOME	691	1,000	819
ADJUSTED NET ATTRIBUTABLE PROFIT AFTER TAX	371	555	425
INVESTMENTS DURING THE YEAR	926	734	745
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Contents

2013

Messages from the Management 2

CEPSA Worldwide 6

The Year in Review 8

The Year's Milestones 10

Mission, Vision, Values and Founding Principles 12

Business Model 13

Risks and Opportunities 14

Activities 16
- Exploration and Production 16
- Refining, Distribution and Marketing 20
- Petrochemicals 26
- Gas and Power 30

Strategy 32

Corporate Governance 35

Corporate Responsibility 42

Innovation and Technology 47

Our Stakeholders 50
- Our Professionals 50
- Customers 61
- Suppliers 64
- Social Environment 67
- The Natural Environment 74
- Greenhouse Gases 82

Other Information 86
- About this Report 88
- Auditor's Report and Consolidated Financial Statements 89
- Glossary 106

Letter from the Chairman

I am proud to present the 2013 CEPSA Annual Report and Corporate Responsibility Report to the Company's stakeholders. This report sets out all CEPSA's achievements in economic, social and environmental areas in 2013.

Despite the complexity of the current economic situation, CEPSA has again had a year of intense business activity with excellent results. The Company continued with its strategic management approach as set by its Board of Directors and shareholder, International Petroleum Investment Company. What is our aim? To become one of the world's leading integrated oil and gas companies.

The priorities for the period from 2012-2016 are based around the Company's strategic plan. The expansion of the Exploration and Production and Petrochemical units will result in significant growth, with the Company improving efficiency in its Refinery and Marketing units.

In the upstream sector, CEPSA continues to study business opportunities with a view to expanding its reserves portfolio. CEPSA is also making advances in production optimisation through the use of cutting-edge technologies. Furthermore, CEPSA is extending its geographic area of investment and has recently expanded its presence in South-East Asia, Latin America and Africa. In late 2013, CEPSA acquired Coastal Energy, a Houston based company dedicated to natural gas and oil activities with assets in Thailand and Malaysia. This acquisition represents an important step toward meeting the strategic priorities I referred to earlier, as well as other operations which are currently at the development stage.

On the downstream side, CEPSA´s priority is to redesign its product portfolio and improve the operational efficiency of its distribution chain. To achieve this, CEPSA is diversifying and adding to its range of petrochemical products and optimising its range of non-oil products and services.

CEPSA is proud to belong to the IPIC group of companies and to work within the group to extend its synergies, *For over 80 years we have worked with a view to optimising our processes and operations through two essential areas: technological innovation and efficiency.*

wherever possible. Over the coming twelve months we will be looking to intensify our relationship with other companies in the group, doing so from our stunning new Madrid offices: The CEPSA Tower.

Our business is related to two of the most important challenges facing the world: energy supplies and protection of the environment. We feel that our long term success will be built on continuously striving to improve our operations and on becoming more efficient and competitive. We are committed to reducing our environmental impact and we have worked for more than 80 years with a view to optimising our processes and operations through two essential areas: technological innovation and efficiency. Safety and security will always be an absolute priority as far as CEPSA is concerned. I am pleased to be able to tell you that in 2013 there were no serious accidents at any of our facilities. CEPSA's commitment to safety and security matters can be seen in the 13,300 preventive observations and over 73,000 training hours dedicated to risk prevention.

Finally, I would like to thank the CEPSA staff for their outstanding work in 2013, and their efforts in coming years, an essential commitment to achieve the targets we have set in our strategic plan. I am certain that in the next twelve months there will be many more challenges and hope that it will be another year of success.

H. E. Khadem Al Qubaisi
CHAIRMAN

Letter from the Co-Chairman

It has been more than two years since the Company started out on the road to become a new CEPSA with IPIC as its sole shareholder. During this time, CEPSA has been taking the right steps to create a new type of Company, facing a complex global economic situation and assuming the changes that the energy sector has seen, in terms of technology and consumption patterns.

During 2013, the Spanish economy continued to improve gradually, which allowed it to emerge from the slump which began in early 2011. This happened in a context of easing of stress in the financial markets, more confidence and a more optimistic job market. Even so, annual GDP at year end had fallen to 1.2%, four tenths lower than in 2012, dragged down by a decline in activity at the end of 2012, caused primarily by falling national consumption.

Net external demand continued to evolve positively, although contribution to year-on-year growth in the GDP fell by six tenths of a percent to 0.4%. This positive development was mainly due to the historical growth in exports, which increased by 5.2% annually. In this regard, chemical product exports, which accounted for 14.2% of the total and which rose by 6%, continued with an upward trend that began in 2010. Import figures, however, fell year-on-year by 1.3%. A smaller reduction in imports in 2013 vis-à-vis the previous year (-2.8%) may be an indicator of a gradual recovery of internal demand.

In contrast, domestic demand shrank less sharply, falling 0.6 points in the year-on-year variation in GDP. This was partly due to the behaviour of its main components in the final quarter 2013, particularly the amounts spent on private consumption and fixed investments.

Given this situation, we will continue to work to generate value for the Company and our stakeholders, achieving our strategic objectives by selecting business opportunities in the Exploration and Production areas and optimising resources and improving Petrochemical processes.

In this context, CEPSA achieved a turnover of €25,245 million, slightly lower than in 2012. Earnings before interest, taxes, depreciation, and amortization (EBITDA) stood at €691 million while adjusted profit was €371 million. Net financial debt reached €825 million, 4.6% down from 2012 and investments in 2013 came to €926 million, 2.6% higher than the previous year.

The energy sector is changing radically. Demographic expansion is expected and the rapid growth of the middle class in emerging markets means a heavier demand for resources and, therefore, greater environmental impact. I would therefore like to stress that CEPSA will continue to work to establish a sustainable, responsible business model in accordance with our founding principles and corporate values. This responsible attitude to business took shape in 2012 with the approval of our Corporate Responsibility Master Plan 2013-2015. This Master Plan is aligned with our Strategic Plan and is broken down into the different lines of action being implemented by the Company's units.

CEPSA has both the will and the way to continue growing through differentiation, internationalisation and continuous improvement of our systems and processes. In the current context, CEPSA is proving that we can trust in our new Company model. The experience, the commitment and know-how of our workforce have always been key to achieving the goals we set and will continue to be so in the coming years.

Santiago Bergareche Busquet
CO-CHAIRMAN

Letter from the CEO

I would like to start by thanking the Company for its confidence in appointing me to this new position, an honour I am delighted to accept with a great sense of responsibility and enthusiasm.

In 2013, CEPSA's financial results were 33% lower than the previous year, mainly due to lower crude oil prices, low refining margins, shrinking domestic demand for fuels and motor oils, and the new energy price regulation.

Notably, the Group's activities outside Spain, mainly in the Exploration and Production and Petrochemical business areas, accounted for 66% of net profits.

Adjusted operating profits from the Exploration and Production area were 16% lower than in 2012, standing at €159.5 million. This result was caused by a 2.6% drop in the price of crude in comparison to 2012, a decrease in production from working interests (16% lower than in 2012) and a weak US dollar against the euro. During the year, we expanded in the area by acquiring holdings in three offshore fields, two off the coast of Brazil and a third in Suriname.

Adjusted operating profit from the Refining, Distribution and Marketing areas was down 63%, mainly due to low refining margins ($3.2/barrel). These low levels, together with internal demand, with a 3.8% fall in domestic fuel and motor oil consumption, led to a reduction in processed crude oil and production from the refineries of 7% compared to the previous year.

Petrochemicals obtained an adjusted operating profit of €111.1 million in 2013, slightly below the €115.1 million figure reported in 2012. In order to operate in the Asian market and to give flexibility to our phenol and acetone production activities, the Company laid the cornerstone for a new plant in Shanghai, with a capacity to produce 250,000 tons of phenol and 150,000 tons of acetone. 2013 saw construction work on this new petrochemical plant move forward.

Lastly, the Gas and Power area saw a 69% fall in adjusted operating profits in comparison to 2012 (€26.4 million). The gas unit posted profits of €24.5 million, which can largely be attributed to the holding in MEDGAZ, S.A. In contrast, the Power unit generated losses of €12.5 million as a result of the new energy price regulation which came into force in 2013 and better prices on the power market, aspects which had an impact on our cogeneration and combined cycle plant activities, which produced 36% less than the previous year.

We made investments totalling €926 million in 2013, an increase of €192 million compared to 2012. Net financial debt fell to €825 million with a total debt-to-equity ratio of 11.5%.

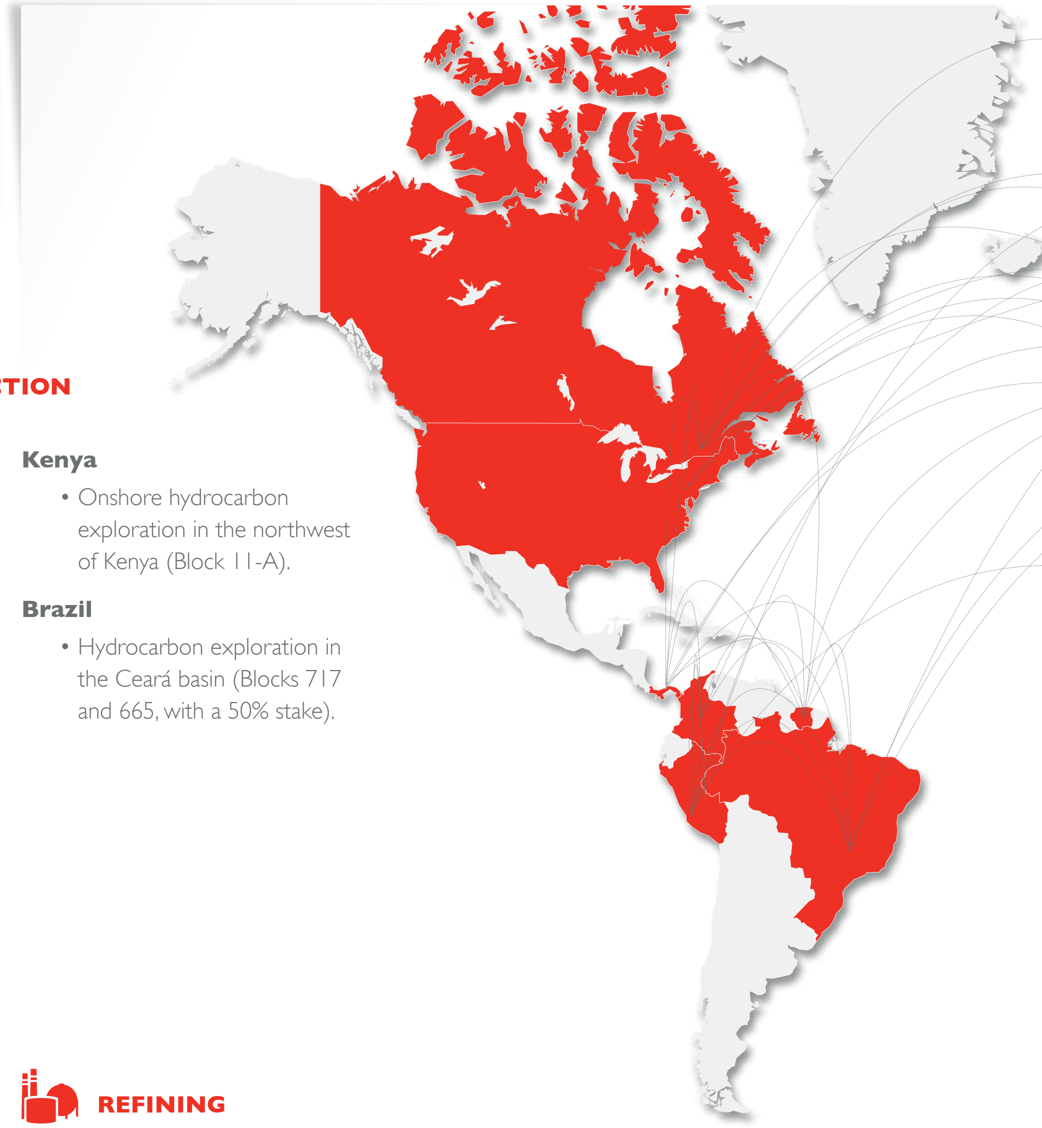
In 2013, we continued to carry out our activities with the utmost respect for the environment, committed to the well-being of the communities in which the Group operates, guaranteeing transparent relations with stakeholders and the safety of our employees and installations as a priority. This commitment brought the accident rate down to an all-time low in 2013, with two accidents per million hours worked, clear evidence of the Company's commitment to safety.

CEPSA will continue to implement its internationalisation process as the driving force behind the Company expansion and growth. This would not be possible without the collective commitment and dedication of all our staff, the loyalty and confidence shown by our clients and customers and the direct and continuous support offered by our shareholder.

P. Miró

Pedro Miró Roig
CHIEF EXECUTIVE OFFICER

CEPSA Worldwide



EXPLORATION AND PRODUCTION

Colombia

- Exploration and production in the Los Llanos basin and the Upper Magdalena Valley.
- Transport rights in the Ocensa oil pipeline (5%).

Algeria

- Oil production in the Berkine basin (1 contract) and exploration in Timimoun and Rhourde el Rouni.
- Oil exploration and production in the Rhourde El-Krouf (RKF), Ourhoud and Rhourde er Rouni II fields.
- Gas exploration in Timimoun.

Peru

- Hydrocarbon exploration in the Marañón basin.

Spain

- Oil production in the offshore field in the Mediterranean (Casablanca area).

Thailand

- Acquisition of the Exploration and Production company Coastal Energy, with significant offshore assets both in terms of development and exploration. (Assets under development).

Malaysia

- Acquisition of the Exploration and Production company Coastal Energy, with significant offshore assets both in terms of development and exploration. (Assets under development).

Liberia

- Hydrocarbon exploration off the Liberian coast (Block LB-10).

Suriname

- Hydrocarbon exploration off the Suriname coast (Block 53).

Kenya

- Onshore hydrocarbon exploration in the northwest of Kenya (Block 11-A).

Brazil

- Hydrocarbon exploration in the Ceará basin (Blocks 717 and 665, with a 50% stake).

REFINING

Spain

- 3 refineries.
- 50% stake in an asphalt refinery (ASESA).

DISTRIBUTION AND MARKETING

Spain

- 1,516 service stations and 935 convenience stores.
- 6 asphalt derivative factories.
- 4 factories supplying fuel to vessels.
- 7 aviation fuel supply points.
- 1 base and paraffin production plant.
- 1 lubricant bottling plant.
- 2 butane and propane bottling and transfer facilities.

Portugal, Andorra and Gibraltar

- 293 service stations in Portugal, Andorra and Gibraltar as well as 44 convenience stores in Portugal.

Morocco

- Supply of fuel to vessels.

Panama

- Supply of fuel to vessels.

PETROCHEMICALS

Spain

- 3 petrochemical plants.

Canada

- 2 petrochemical plants (51% stake).

Brazil

- Petrochemical plant (72% stake).

China

- Construction of a phenol plant.

Portugal

- Commercial office and storage of petrochemical products.

Italy

- Storage of petrochemical products.

Great Britain

- Commercial office and storage of petrochemical products.

Belgium

- Commercial office and storage of petrochemical products.

Holland

- Storage of petrochemical products.

USA

- Commercial office.

GAS AND POWER

Spain

- 7 cogeneration plants and a 50% stake in a combined cycle plant.
- Distribution and marketing of gas and power.

Algeria

- MEDGAZ gas pipeline (42% stake).

CEPSA REPRESENTATION OFFICE

United Arab Emirates

The Year in Review

In Spain, the consumption of diesel fell 3.21% while petrol was down 5.42%, according to figures supplied by the Corporation of Strategic Reserves.

CEPSA Results

Millions of euros

	2013	2012	2011
TURNOVER	**25,245**	26,808	24,680
ADJUSTED OPERATING INCOME	**691**	1,000	819
EXPLORATION AND PRODUCTION	**436**	533	487
REFINING	**88**	265	121
PETROCHEMICALS	**162**	160	176
GAS AND POWER	**5**	42	35
ADJUSTED NET ATTRIBUTABLE PROFIT	**371**	555	425
NET ATTRIBUTABLE PROFIT (IFRS)	**534**	576	640

ECONOMIC AND SECTOR ENVIRONMENT

Average world demand for petroleum products in 2013 stood at 89.86 million barrels per day, an increase of 0.94 million barrels per day on 2012, due mainly to increased demand in America.

In 2013, the price of crude remained stable thanks to a wide range of factors such as greater world demand for products, improving economic results in the U.S. and China, political tension in North Africa and the Middle East and steady output in the North Sea countries.

As far as the supply side is concerned, OPEC, the Organization of the Petroleum Exporting Countries, produced 29.44 million barrels per day, 1.92 million barrels less than in 2012.

The average annual price of Brent crude remained stable in 2013, standing at $108.7/b, 2.6% less than in 2012. The average dollar exchange rate in 2013 was $1.32/€, compared to $1.29/€ in 2012.

In Spain, 2013 consumption of diesel fell 3.21% while petrol was down 5.42%, according to figures supplied by the Corporation of Strategic Reserves (CORES).

As far as CEPSA is concerned, adjusted operating income for 2013 was 691 million euros, 30.9% down on 2012. 2013 adjusted net profits stood at 371 million euros, compared to 555 million euros the previous year.

The Company is currently enjoying a stable financial situation. At the close of the year, the Group's consolidated assets amounted to 12,934 million euros, a fall of 1.6% on 2012 results. Equity before the final dividend distribution stood at 6,346 million euros, 2.8% up on the previous year.

The total debt volume remained moderate, with a *gearing* (net debt-to-equity ratio) of 11.5%.

Adjusted operating income for 2013 was 691 million euros.

CEPSA Investment in 2013

Total Investment (+26% versus 2012)	926 million euros
Exploration and Production	386 million euros
Refining, Distribution and Marketing	188 million euros
Petrochemicals	184 million euros
Gas and Power	159 million euros
Corporation	9 million euros

The Year's Milestones

CEPSA Purchases the Oil Company Coastal Energy

CEPSA and Coastal Energy Company have concluded their merger process.

Coastal Energy, a Houston-based oil company, carries out natural gas and oil exploration and production activities, with holdings in Thailand and Malaysia. It owns and operates 100% of the G5/43 and G5/50 oil blocks in the Gulf of Thailand, as well as various gas interests in the northeast of the country, including a 13.7% stake in the Sinphuhorm gas field, allowing the Company to increase its exploration and production capacity in South-East Asia.

This transaction concluded in 2014, meaning that the figures set out in this report do not include the impact this acquisition has had.

CEPSA Recognised by Top Employers España 2014 as a Certified Top Employer

The Top Employers Institute recognised CEPSA as one of the Top Employers in Spain, largely due to its Human Resources management policy.

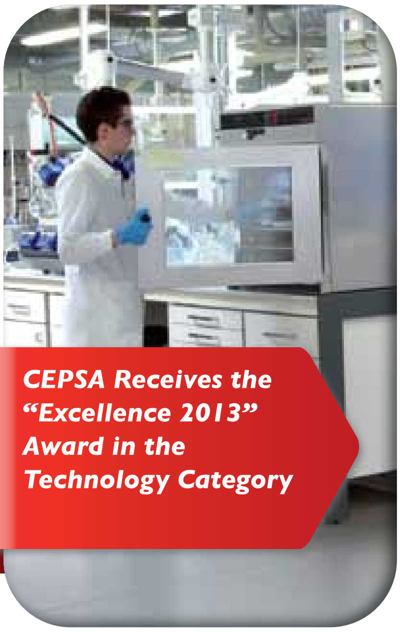
Aspects of career progression, welfare policies and professional development formed part of the pre-certification evaluation. CEPSA has been specifically recognised as a Top Employer in:

- Attracting talent
- Sharing best practices in human resources management with other companies
- Benefits provided to employees

First Service Station to be Awarded the Class A Energy Efficiency Certificate

The Company has begun to design its new service stations which take into account certain environmental and energy efficiency criteria, as can be seen at the new CEPSA service station at Ronda de Sant Pau de Riu Sec, in Sabadell, Barcelona.

The new service station has been inaugurated as one of the first to be awarded the Class A Energy Efficiency Certificate and the prestigious BREEAM (Building Research Establishment Environmental Assessment Methodology) Certificate. This certificate helps the Company to maintain its commitment to the environment as well as reduce building running costs, their energy and water consumption and CO_2 emissions.



CEPSA Receives the "Excellence 2013" Award in the Technology Category

At its 9th Annual Awards, the Editorial Committee of the monthly magazine ***Dirigentes*** recognised the efforts the Group's Technology Management has made for almost 40 years to improve the quality of its products and production processes.

For CEPSA, innovation and technology are two tools that create value and foster competitiveness and sustainable growth. Some of the projects carried out by CEPSA's Technology Management department have optimised and improved aspects that are essential to the development of the business, giving the Company an advantageous position within the sector.

CEPSA Acquires a Larger Holding in the MEDGAZ Consortium

CEPSA exercised its preferential rights to increase its stake in the MEDGAZ S.A. gas pipeline, acquiring the stakes held by Endesa, Iberdrola and GDF Suez, with the company now holding 42% of the shares in the consortium. It also holds 20% of the transport rights, representing 1.6 billion cubic metres a year.

CEPSA Purchases Offshore Exploration Blocks in Brazil and Suriname

The Company has strengthened its presence in the north of South America through the acquisition of exploration rights off the coasts of Brazil and Suriname. In the case of Brazil CEPSA will be participating in two blocks located in the Ceará basin (Blocks 717 and 665 with a 50% stake), while in Suriname the Company has a 25% stake in Block 53.

Mission, Vision, Values and Founding Principles

Through our Mission we seek to reflect our purpose as a company. Our Vision drives and inspires us, giving us the incentive to grow, evolve and prosper, something we shall only achieve through our Values and Founding Principles. Our position with regard to these aspects is clear.

CEPSA's corporate responsibility is founded on the company's Values and Founding Principles which set out the basis for the conduct that guides our actions as a committed and responsible organisation.

Mission

We undertake activities throughout the oil and gas value chain efficiently, responsibly and profitably, contributing to the supply of safe energy to society in our area of influence.

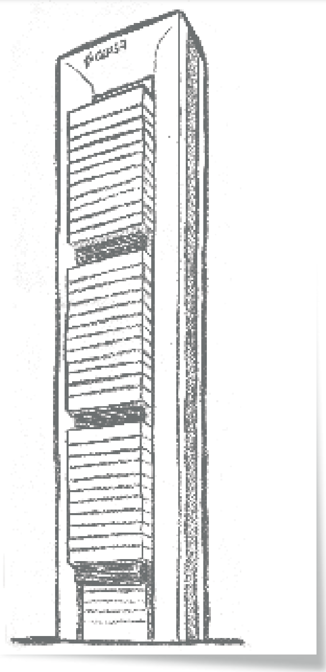
Vision

We aspire to be a closely integrated, high performing and customer-focused energy and petrochemical company that generates value, respects the environment and is socially responsible.

Founding Principles

Respect for people's rights, transparency in our management, quality, safety and security in our activities and products and protection of the environment all represent the basis of our corporate conduct.

Our Values



LEADERSHIP. Behave honestly, with integrity and respect, diligently and responsibly, encouraging camaraderie and seeking new ideas and opportunities with effort, boldness and ambition.

SOLIDARITY. Teamwork, always seeking to benefit the Group as a whole through cooperation between areas and in collaboration with clients and suppliers, maintaining a positive attitude towards others.

CONTINUOUS IMPROVEMENT. Promote the development and retaining of talent and knowledge, ensure excellence, act with efficiency and reliability, complying with regulations and establishing effective measures to prevent possible irregular conduct.

SUSTAINABILITY. Safety and security as a priority, the utmost respect for the environment and a commitment to the well-being of the communities in which the Group operates and of society in general, maintaining transparent relations with stakeholders and providing reliable, clear, complete and accessible information.

Business Model

CEPSA is an energy group fully owned by International Petroleum Investment Company (IPIC), which belongs to the Government of Abu Dhabi, United Arab Emirates. It employs more than 11,000 people and operates at every stage of the hydrocarbon value chain. It is engaged in petroleum and natural gas exploration and production activities; refining, transport and sale of crude oil and natural gas derivatives; biofuels, cogeneration and electric power sales.

CEPSA has developed a world-class chemicals division that is tightly integrated with its oil refining segment, where feedstock is manufactured and sold for the production of high value-added components chiefly used in making new-generation plastics and biodegradable detergents.

Thanks to its flexibility and adaptability, CEPSA has become a point of reference in the sector in Spain. As the result of an ongoing internationalisation of its activities, the Company is present in Andorra, Algeria, Belgium, Brazil, Canada, China, Colombia, the USA, the United Arab Emirates, Italy, Kenya, Liberia, Malaysia, Morocco, the Netherlands, Panama, Peru, Portugal, Suriname, Thailand and the United Kingdom, selling its products all over the world.

Thanks to its flexibility and adaptability, CEPSA has become a point of reference in the sector in Spain.

CEPSA: Value Chain

1 Exploration and Production
The search for and extraction of oil and gas on land and at sea.

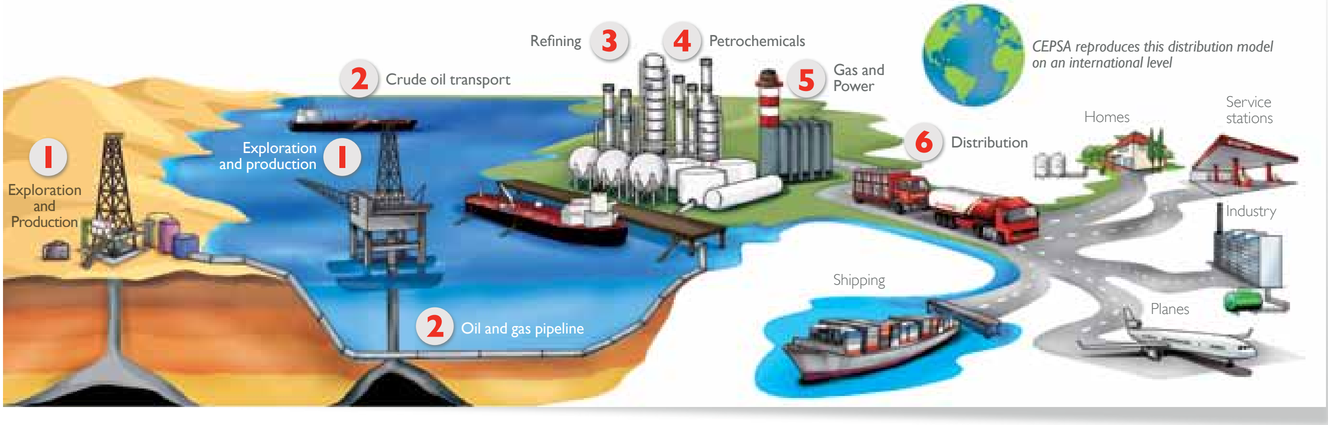
2 Transport
The transportation of crude and natural gas via oil and gas pipelines and tankers to their destination.

3 Refining
Refineries transform the crude into raw materials for other industries and finished products such as fuels, asphalt, lubricants etc.

4 Petrochemicals
Our petrochemical plants manufacture derivatives which can be used as raw materials for the polyester industry, for the manufacture of the latest generation detergents and plastics, among other products.

5 Gas and Power
CEPSA has cogeneration plants which produce electricity and steam for our production centres, selling excess on the energy market.

6 Distribution and Marketing
Through our own sales channels and a domestic and international network, CEPSA sells and distributes its products to its customers.



Risks and Opportunities

Throughout 2013 and advancing toward the implementation of a risk management model, taking as a point of reference Enterprise Risk Management (ERM) of the Committee of Sponsoring Organisations of the Treadway Commission (COSO II), CEPSA has set up a Corporate Risk Unit.

CEPSA has continued to improve the analysis process associated with new investments as an essential element in decision making based on the risk-return trade-off.

RISK MANAGEMENT MODEL

The Group has established a Risk Committee which has approved a general risk policy and a series of management procedures whose basic principles are founded on international risk management standards: ISO 31000 and COSO ERM.

Enterprise risk management identifies and offers solutions to the main risks facing the Company, defining a common, aligned and unified CEPSA strategy.

The organisational structure of an Enterprise Risk Management System, its functional model and its responsibilities are designed according to the premises of the Three Lines of Defence Model created by the European Confederation of Institutes of Internal Auditing (ECIIA) and recommended by FERMA, the Federation of European Risk Management Associations, which outlines three groups of units from the Company involved in effective risk management:

1. First line of defence: these are the Units which manage risk in the day-to-day business. These are the risk owners, responsible for assessing, controlling and mitigating the risk in an appropriate manner.
2. Second line of defence: consisting of a Corporate Risk Unit together with other Support and Control Units which specialise in the management of certain types of risk. Their mission is to assess and coordinate with the first line of defence to ensure correct implementation of the risk management system. The Corporate Risk Unit oversees operations and ensures that it has a global reach, is uniform and is integrated within the Company's main decision-making processes.
3. Third line of defence: this is the Internal Audit area, responsible for permanently evaluating and supervising in the Enterprise Risk Management System.

Within this context, CEPSA's strategic and budgetary planning processes have estimated the effect of the risks on the businesses and analysed the main variables in order to obtain an overview of their impact.

In 2013 CEPSA continued to improve the analysis process associated with new investments as an essential element in decision making based on the risk-return trade-off.

THE CEPSA RISK UNIVERSE

CEPSA carries out its business activities in numerous countries and within a wide range of regulatory frameworks and environments. Changes to these factors may affect the way in which operations are performed and the results obtained from them. As a consequence, a number of risk types can be established, identified within the Corporate Risk Universe and grouped into four large categories:

STRATEGY AND PLANNING RISK

These are risks related to external factors associated with elements outside the Company's influence, such as:

- The current economic climate.
- Changes to regulations applicable to CEPSA business activities and/or its sector (regulatory and tax issues).
- Supply of crude and products
- Localisation and purchase of reserves originating from unstable countries from a political, economic or legal point of view.
- The transformation and optimisation projects required in order to improve efficiency and effectiveness in fiercely competitive contexts.

OPERATIONAL AND INFRASTRUCTURE RISK

This is the risk associated with the effectiveness and efficiency of operations. If they materialise they can represent a loss of value for the Company, the result of inadequate or failed internal processes, people and systems and the lack of an appropriate infrastructure. To a large extent they are directly related to the undertaking, protection and usage of existing assets. Among these we should highlight:

- Product supply risk.
- Industrial, environmental and security, safety and prevention risk.
- Equity risk: insurance against the risk of material damage, profit loss, civil liability and damages accrued in the transportation of crude, products and equipment.
- Attracting and retaining talent. Risk related to the competence level of the Group's human resources and their adaptation to strategic plans and growth targets.
- IT and its security are aspects of fundamental importance for the development of the Group's activities.

In the area of Environmental Protection, Security, Safety and Quality, there are working groups regularly reviewing risks of such a nature and proposing, where applicable, adaptations or modifications.

FINANCIAL AND MARKET RISK

This is risk derived from volatility in the price of commodities, exchange rates, interest rates, liquidity and solvency.

- Market and commodity price risk.
- Liquidity, exchange rate and interest rate risk.
- Credit risk.

REPORTING, ETHICAL AND COMPLIANCE RISK

These are risks which may have a direct impact on the Company image and reputation and which may result in a fine imposed by the regulator. These are risks related to ethics and conduct, human rights violations, compliance with an organisation's internal guidelines, policies and procedures and risks associated with reporting processes.

OTHER RISKS

CEPSA is involved in a number of ongoing procedures related to its business, including tax litigation and competition procedures. It is also subject to tax inspections for the years that are still open to inspection.

Activities
Exploration and Production

This business unit is responsible for crude oil and natural gas exploration & production activities. The most significant assets are in Algeria and Colombia, with major expansion projects.

Key Indicators

	TURNOVER (MILLIONS OF EUROS)	ADJUSTED OPERATING INCOME (MILLIONS OF EUROS)	INVESTMENTS IN THE YEAR (MILLIONS OF EUROS)	PRODUCTION (WORKING INTEREST, THOUSANDS OF BOPD)
2013	1,001	436	386	87.9
2012	814	533	247	104.3
2011	927	487	429	120.8

One of the priorities of CEPSA's new strategic plan is to appreciably increase its activity in crude oil exploration and production. It also seeks to reduce portfolio risk and diversify the Company's position, technically and geographically.

These aims have materialised in a number of purchases of production and exploration assets.

Adjusted operating income was 436 million euros, down 18% year-on-year.

Investment from this period has amounted to 386 million euros, which will be used to develop fields in Algeria and Colombia, as well as exploration activities in Algeria and Peru and the acquisition of new offshore fields.

Production from CEPSA's working interest was down 18% on the previous year, mainly due to lower production in Algeria, as a consequence of the production decline in the Ourhoud and, to a lesser extent, the Rhourde El-Krouf oil fields.

In Colombia, this evolution has been much more contained, showing a year-on-year fall of only 5%, due to the positive effect of new discoveries, particularly in the latter part of the year.

EVOLUTION OF RESERVES

At the close of 2013, the Exploration and Production business focused on 4 countries: Algeria, Colombia, Peru and Spain, where CEPSA is either the operator or partners with other companies in different blocks..

At year-end, applying the criteria established by the Petroleum Resources Management System of the Society of Petroleum Engineers (SPE-PRMS) - CEPSA's entitlement reserves totalled 79.4 million barrels of oil equivalent.

It is worth highlighting the importance of new reserves in Algeria through the BMS asset, as well as those obtained in various blocks in Colombia as a consequence of new discoveries and an upward revision of previous estimates.

Estimation of Reserves

Millions of barrels

	Algeria	Colombia	Spain	Total
NET ENTITLEMENT RESERVES AT 31 DECEMBER 2012	57.7	20.2	0.4	**78.3**
PRODUCTION	-9.9	-5.6	-0.1	**-15.6**
CHANGES IN PREVIOUS ESTIMATES	3.8	0	0	**3.8**
ENHANCED RECOVERY		1.9		**1.9**
EXTENSIONS, REVALUATIONS AND NEW DISCOVERIES		3.1		**3.1**
CONTRACTS AND SALES:	7.8			**7.8**
NET ENTITLEMENT RESERVES AT 31 DECEMBER 2013	**59.4**	**19.6**	**0.3**	**79.4**

The priority of CEPSA's new strategic plan is to appreciably increase its activity in crude oil and natural gas exploration and production.

Algeria

CEPSA is one of the leading operators in Algeria, where the Company develops its activities at two oil fields, Rhourde el Krouf (RKF) and Ourhoud (ORD), located in the Berkine basin, with a stake of 100% and 39.76%, respectively.

Since 2002, CEPSA has interests in natural gas exploration blocks situated in the Timimoun basin, with an 11.25% stake. In 2009 the Algerian authorities approved the commercial feasibility of this gas field, with production expected to start in late 2016.

Major developments in Algeria in 2013 include the following:

- The acquisition of a 45% stake in the 'Bir el M'sana' (BMS) project. This project, which represents the consolidation of CEPSA's position in Algeria, is in its development phase, with production expected to come on line in the second half of 2015. This purchase has increased CEPSA's 2P reserves by an estimated 8MBOE.
- Obtaining an extension of the operating licence for the RKF field for a further year and under existing conditions.
- The drilling of 2 productive wells in ORD.
- Award of the EPC (Engineering, Procurement and Construction) to build facilities for the Miscible Water and Gas Injection (WAG) project at ORD.
- Completing the 3D seismic survey on a 2,240 Km^2-area in Timimoun.
- Continuing with the Rhourde er Rouni exploration block with the acquisition of further 3D seismic data.

Colombia

In 2000, CEPSA began exploration activity in Colombia, and signed the first contracts in 2001. 2013 production and reserve replacement rate targets were satisfactorily met. At the year-end, the Company had 14 exploration blocks (7 of them operated by CEPSA) and a TEA (Technical Evaluation Agreement) operated by the Company. There are currently 7 blocks in production:

- 5 operated: Caracara (70%), Llanos 22 (55%), Tiple (70%), Garibay (50%) and Puntero, where the Onca (100%) and Manatus (70%) fields are located, all of which are in the Los Llanos basin.
- 2 non-operated: CPR Espinal (15%) and La Cañada Norte (16.7%), both in the Upper Magdalena Valley.

Among the most important work undertaken in 2013 we should highlight:

- Start-up of new crude and water treatment plants at the CCS (Caracara Sur) and JGR (Jaguar) stations.
- Production start-up at two discoveries: Onca-1 and Mayalito-1.
- 5 new exploration wells: 4 of these were successful and another was converted into a water deposit for production activities.
- Implementation of new technologies focusing on the control and reduction of emissions, as well as new systems designed to handle high-pressure gas production.

In November, BUREAU VERITAS granted CEPSA certification for all its Oil and Natural Gas Development and Production processes, pursuant to the requirements set out in ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards. In December, CEPSA sold its shareholding in OCENSA, maintaining its transport rights related to this stake.

In 2007, CEPSA began its exploration activities in Peru and in 2013 is participating as an operator in 3 exploration contracts, one located in the Marañón basin, in the north of the country (Block 130), and the other two in the Ucayali region, located in the east (Blocks 114 and 131), in which CEPSA holds a 100%, 60% and 70% stakes, respectively.

In 2013 the Company drilled its first well in Block 131, called Los Angeles 1XST. Additional work to be developed throughout 2014 will allow the feasibility of the project to be defined.

CEPSA has an average 7.6% stake in several *offshore* fields (non-operated) in the Mediterranean, lying off the coast of Tarragona (Casablanca, Rodaballo, Boquerón and Montanazo).

In 2012, CEPSA, along with associated companies in the area, requested a research permit from the Spanish authorities in a new block (Medusa) in the area of Casablanca.

During 2013, CEPSA continued to identify new business opportunities. The most important, which entails the international expansion and geographic diversification of its investment portfolio, is the acquisition of the company Coastal Energy, with production and exploration assets in Thailand and Malaysia.

Coastal operates the *offshore* blocks G5/43 and G5/50 in the Gulf of Thailand at 100% and has diverse gas interests in the north-east of the country. In Malaysia it has a share in an *offshore* services contract.

Throughout 2013, two other exploration-related transactions were completed

- In Brazil, within the 11th Bid Round CEPSA, along with the British operator Premier Oil, was awarded two *offshore* blocks (717 and 665) in the basin of Ceará. The Company has a 50% stake in each block.
- In 2013 CEPSA acquired a 25% stake in a hydrocarbons exploration block off the coast of Suriname, operated by the US oil company Apache, with which a Farm-in agreement was reached.

Activities

Refining, Distribution and Marketing

Through its Refining area, CEPSA manufactures petroleum products in its three refineries in Spain (Gibraltar-San Roque, La Rábida and Tenerife).

Key Indicators

	CONSOLIDATED SALES OF PETROLEUM PRODUCTS (MILLIONS OF TONNES)	TURNOVER (EXCLUDING EXCISE TAXES) (MILLIONS OF EUROS)	ADJUSTED OPERATING INCOME (MILLIONS OF EUROS)	INVESTMENTS IN THE FINANCIAL YEAR (MILLIONS OF EUROS)
2013	22.4	19,827	88	187
2012	26.4	21,520	265	371
2011	26.3	19,776	121	214

REFINING

The current situation is continuing to feature decreasing national consumption and an excessive refining capacity in Europe, which receives products manufactured in other regions with fewer regulatory requirements. Given these unfavourable circumstances, the company has deployed a strategy to contain costs, save energy and improve margins, through technological optimisation and operational excellence.

Furthermore, the refining area has undertaken a new project for an organisational model, in which cross-company management will maximise the exploitation of synergies identified in the existing organisations and processes in the refining plants in Spain.

The main challenge for the area is to increase its level of competitiveness to successfully overcome the downsizing the sector has been forced to undergo since 2009, especially in the European environment.

On the other hand, efforts are being intensified to achieve maximum integration with the marketing and distribution area, in order to maximise the integrated margin of CEPSA's entire *downstream* value chain.

Our Assets

The three CEPSA refineries have OHSAS 18001, ISO 14001 and 9001, and AQAP 2120 certification, and are run using an optimisation model that allows them to be managed with a view to achieving maximum integration and synergies.

With a high conversion level, the 'Gibraltar-San Roque' and 'La Rábida' refineries have production units for lubricants, asphalt and basic petrochemical products (benzene, xylene, and toluene). Due to its high level of energy optimisation, the 'Tenerife' refinery is the main source of supply for the Canary Islands.

Capacity by Plant

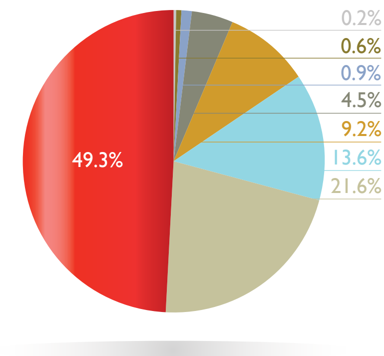
	Capacity (millions of tonnes)
GIBRALTAR-SAN ROQUE	12
LA RÁBIDA	10
TENERIFE	4.5
ASESA*	0.73
TOTAL	**27.23**

** 50% asphalt refinery in Tarragona (Spain).*

Aggregate production at the three CEPSA refineries amounted to 22.4 million tonnes.

Sources of Crude Oil

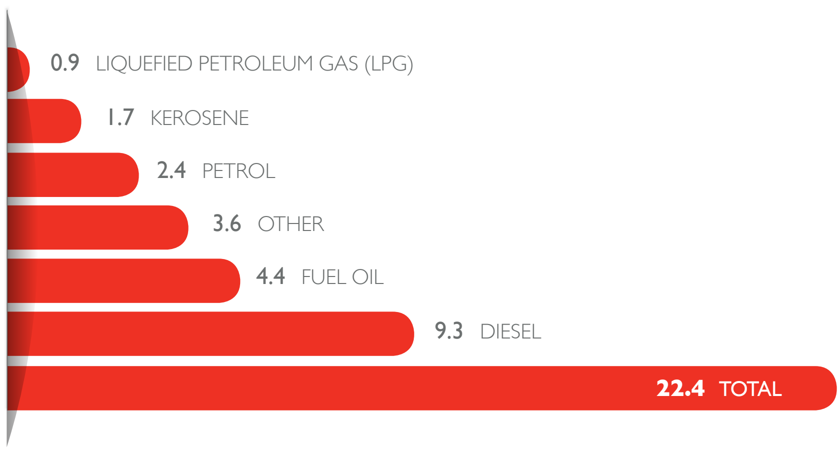
- *West Africa*
- *Arabian Gulf*
- *Russia*
- *Caribbean / Mexico*
- *North Africa*
- *South America*
- *North America*
- *Rest of Europe*



ACTIVITY IN 2013

In 2013, the combined production of the three CEPSA refineries amounted to 22.4 million tonnes, 7.3% less than the previous year, with the breakdown shown in the bar graph on the right.

Furthermore, in order to comply with Spanish legislation on biofuels, refineries have blended 70,000 m^3 of bioethanol and 491,000 m^3 of biodiesel and hydrobiodiesel into their fuels.



Investments

In order to strengthen the competitiveness of the area, a Margin Optimisation and Improvement Plan (ROP) has been defined at the refineries. The aim of this Optimisation Plan is to identify and implement operational actions or projects to achieve an improvement in the margin of $1.50/bbl in 2017.

During 2013, 61 actions have been completed in addition to the 120 implemented in 2012, thanks to which there has been an improvement of $0.76/bbl. Additionally, investments were made which, once executed, will obtain an estimated improvement of $1.19/bbl in 2016.

Biofuels

As a result of recent regulatory changes in Spain regarding biofuel, in 2013 a process began with the adaptation of existing contractual commitments between CEPSA and suppliers of biodiesel to bring them in line with the new regulatory environment and the market.

The aim has been to ensure the required supply of the biofuels for incorporation in the current fuels being marketed in Spain by CEPSA. The terms of the agreements and their practical application will materialise throughout 2014.

On the other hand, following the instructions of the National Commission on Financial Markets and Competition (CNMC), in 2013 it was necessary to implement a system that allows compliance with the provisions of Circular 4/2012 on the reporting of information regarding sustainability in the consignments of biofuels and the allocation thereof.

Therefore, CEPSA has adapted its Internal Biofuels Information and Certification System (SICBIOS from its Spanish initials) to include information about the sustainability of its biofuels.

In 2013, CEPSA made investments totalling €88 million in the refining unit.

MAJOR PROJECTS IN 2013

LA RÁBIDA REFINERY

Various energy-saving projects have been carried out based on the optimal use of steam. The project involving removal of Hydrocracker bottlenecks has also been completed to reduce operational costs and increase capacity.

GIBRALTAR-SAN ROQUE REFINERY

Two important projects have been launched to improve the energy efficiency index of the refinery: the first is to install a hot separator in Hydro-desulphurisation IV; and the second is a major refurbishment of all the furnaces at the lubricant oils production plant. In both cases the consumption in fuel furnaces is significantly reduced, achieving estimated savings of about €6 million per year.

TENERIFE REFINERY

Two key projects were implemented as part of plans to reduce costs and improve efficiency. The first involved the installation of a reverse osmosis plant, which offers lower energy consumption in the purification of sea water, obtaining a suitable quality for the supply to steam generators. The second involved the adaptation of the post-combustion boiler at the cogeneration plant, through which it is possible to produce all the steam requirements of the refinery in this facility. These two projects have entailed annual savings of more than €4.5 million.

DISTRIBUTION AND MARKETING

CEPSA carries out its sales and marketing activities through its own sales network and an extensive national and international network of agents and distributors, including the sale of liquefied petroleum gas (LPG), asphalt and lubricants.

Keeping up the trend of previous years, the characteristics of the environment make it necessary to continue the policies to reduce fixed and variable distribution costs, contributing to the achievement of sales and marketing profitability targets, optimising the primary and capillary distribution chain.

Sales of CEPSA in Spain and Portugal, through its sales network, accounted for 20.5 million tonnes of goods, up 5.4% on the previous year (21.7 million tonnes).

As in previous years, the 2013 financial year was marked by a decline in the consumption of petroleum products in Spain and Portugal. Indeed, the decline was the heaviest of the last five years, according to CORES, accounting for a 8.9% drop compared to 2012, with a cumulative contraction over the last ten years of 25.7%.

The decline has been in all products: 5.4% in petrol, 3.2% in diesel oil, 0.8% in LPG and 15.1% in fuel oils.

In a situation like the present, the Company faces this challenge by aiming to maximise value as the key factor: improved market share and integrated margins, optimisation of the retail network, the search for international opportunities, operational excellence and cost reduction.

OPTIMISATION OF LOGISTICS

In order to optimise the logistics of the Company's subsidiaries, the sales network has carried out various initiatives, such as the centralised management of its capillary gas and asphalt distribution, simplifying the organisational structure, sharing best practices with the different logistics units, tracing processes and applying a standard model. This has included an attempt to define the logistic model and the roadmap in order to achieve, in the shortest time possible, the synergies and areas for improvement that will allow cost savings and the optimisation of the process.

During 2013, the Quality Management System certificate in accordance with the UNE-EN ISO 9001 was renewed.

Sales of Petroleum Products

Thousands of tonnes

	2013	2012	2011
MOTOR AND OTHER FUELS	**11,274**	11,717	12,074
MARINE FUELS	**6,563**	7,331	7,629
AVIATION FUEL	**2,193**	1,888	2,300
LIQUEFIED PETROLEUM GAS (LPG)	**504**	536	552
ASPHALTS	**954**	1,012	1,146
LUBRICANTS, BASE OILS AND PARAFFIN	**224**	240	256
EXPORTS	**4,104**	4,330	3,066

MOTOR AND OTHER FUELS

CEPSA has a network of 1,747 service stations in Spain, Portugal, Andorra and Gibraltar. The Company also holds a leading position in convenience stores, with 935 at year end.

The development of partnerships with leading companies in the consumer sectors is allowing differentiation of the classic service station offering. An example of this is the strategic partnership with Carrefour to open Carrefour Express stores within our network of service stations

LIQUEFIED PETROLEUM GAS (LPG)

The Company markets and distributes butane, propane and autogas. The home service network in Spain consists of 90 distributors. Propane gas is also sold in bulk to individual facilities.

We currently supply more than 2.5 million customers with these products. Sales in 2013 of liquefied petroleum gases amounted to 504,000 tonnes, 6% lower than in 2012, in line with the decline in domestic consumption of these products.

ASPHALT

Asphalts are manufactured at the Tenerife and La Rábida refineries and at Asfaltos Españoles, S.A. (ASESA, 50% owned by CEPSA). The nominal capacity is one million tonnes per year.

The Company also has six factories where asphalt derivatives and special products for the construction industry are produced.

Sales of these products in 2013 stood at 954,000 tonnes, a 5.7% decrease compared to 2012 and in line with the lower activity in public works. Exports in this product line accounted for 62% of sales, up 17% from last year.

LUBRICANTS

The Company's two brands of lubricants, CEPSA and Ertoil, have maintained leadership in the Spanish market.

The search for efficiency, the strengthening of its customer focus and technological development are the pillars that have enabled the Company to continue in the forefront of the industry.

CEPSA exports to over 70 countries through a network of distributors, and sold 224,000 tonnes in 2013, 6.3% less than in 2012, also in line with the current economic situation. 48% of these sales were in the domestic market and the rest came from exports.

During 2013 sales outside the Iberian Peninsula rose sharply.

MARINE AND AVIATION FUEL

The Company occupies a leading position in the supply of marine fuels thanks to its enviable position in the Strait of Gibraltar, the Canary Islands and Panama.

Sales of these products in 2013 amounted to 6.56 million tonnes, 10.4% less than in 2012, in line with the lower demand for all types of fuel.

CEPSA also supplies aviation fuels. These products, given their use in engines that must operate in extreme conditions of altitude, pressure and temperature, are subject to the most stringent specifications and quality controls.

In 2013, sales of aviation fuel reached 2.19 million tonnes, 16.1% higher than in the 2012 financial year.

Activities

Petrochemicals

Thanks to its high technological level, CEPSA is one of the leading world producers of phenol-acetone, solvents and raw materials for biodegradable detergents and polyester fibres.

Key Indicators

	CONSOLIDATED SALES OF PETROCHEMICAL PRODUCTS (MILLIONS OF TONNES)	TURNOVER (EXCLUDING EXCISE TAXES) (MILLIONS OF EUROS)	ADJUSTED OPERATING INCOME (MILLIONS OF EUROS)	INVESTMENTS IN THE YEAR (MILLIONS OF EUROS)
2013	**2.9**	**3,260**	**162**	**184**
2012	**2.9**	**3,301**	**160**	**86**
2011	**3.0**	**3,106**	**176**	**53**

CEPSA holds a leading position in all of its specialities, exporting throughout the world. CEPSA's petrochemical business is closely and dynamically integrated with its refining activities. Thus, high value-added products that become raw materials for other industries and with multiple end uses are produced: plastics, detergents, synthetic fibres, PET (polyethylene terephthalate polymer) bottles, among others.

The Company is a world leader in raw materials for detergents, with 15% of the world capacity of LAB (linear alkyl benzene) and is at the forefront of technology with the "DETAL" process developed jointly by CEPSA and Universal Oil Products (UOP). CEPSA is also a market leader in PIA (Purified Terephthalic Acid), a raw material for the polyester sector, with 20% of global PIA capacity.

Currently, in the field of Petrochemicals, CEPSA is undertaking in an ambitious plan of expansion and internationalisation, in line with the transformation of the Company, which aims to promote growth through a solid and potent investment plan.

The strategic lines to achieve this objective are designed around the basic idea of strengthening our leading position in our core businesses, by increasing capacity in our assets and building new plants or making acquisitions that will improve our commitment to value. In the same vein, our aim is also to diversify supply through additions or expansions of alternative products that could

strengthen and complement the overall activity.

In the area of Petrochemicals, it is also essential to maintain the commitment to excellence and to improve efficiency at all our production plants, undertaking the necessary investments to remain at the forefront of technology. In order to achieve this objective and to exchange best practices and promote continuous knowledge, this year CEPSA has created an Optimisation Committee, made up of experts in processes from the factories of Guadarranque, Palos de la Frontera and Puente Mayorga (Spain), DETEN (Brazil), Montreal and Bécancour (Canada) and Shanghai (China).

In 2013, work continued at the Research Centre in cooperation with other agencies, through which significant progress was made in the development of new products and methodologies.

Other highlights in 2013 in the Petrochemicals area were:

- Maintaining margins on key products.
- Improving results in Brazil, where activity has increased in the manufacture of LAB/LABSA.
- Boosting sales of purified isophthalic acid (PIA), achieving an increase in sales of 15% over 2012, mainly due to exports outside Europe.
- Improvement in acetone margins.

CEPSA's petrochemical business is closely and dynamically integrated with its refining activities.

OUR ASSETS: COUNTRIES

Spain

CEPSA has three production plants in Spain: two in San Roque (Cádiz) and one in Palos de la Frontera (Huelva).

At the plant in Guadarranque (Cádiz), there is production of purified terephthalic acid (PTA), with a capacity of 650,000 tonnes/year, purified isophthalic acid (PIA), with 220,000 tonnes/year and polymer polyethylene terephthalate (PET) with 175,000 tonnes/year. All these are raw materials for the manufacture of plastic packaging, textile fibres and resins.

Also in Cádiz, at the Puente Mayorga plant, with strong integration with the refinery of the Group, there is production of Linear Alkylbenzene (LAB) with a capacity of 220,000 tonnes/year, sulphonic acid (LABSA) with 80,000 tonnes/year, as well as n-paraffins with 400,000 tonnes/year, de-aromatised solvents and heavy alkylates.

Lastly, the plant at Palos de la Frontera (Huelva), located in the industrial complex of the refinery, from which it is supplied with benzene and propylene for the production of phenol, has an installed capacity of 600,000 tonnes/year of phenol and 370,000 tonnes/year of acetone.

Canada

The Company has a 51% stake through CEPSA Química S.A. in two production plants located in Canada.

The Bécancour plant was the first in the world to use DETAL technology (fixed-bed alkylation) for the production of Linear Alkylbenzene (LAB). Its capacity is 120,000 tonnes/year.

In Montreal, the plant was built with the aim of supplying the NAFTA market (United States, Canada and Mexico) with purified terephthalic acid (PTA), with a capacity of 600,000 tonnes/year.

Brazil

Since 1999, CEPSA Química S.A. is the majority shareholder of DETEN Química, S.A., with 72% of its shares.

DETEN is one of the largest producers in South America of Linear Alkylbenzene (LAB) and sulphonic acid (LABSA), with capacities of 220,000 and 80,000 tonnes/year respectively.

China

CEPSA in 2011 began the project to build a chemical plant in China, one of the markets with the greatest potential for growth in the world. The new plant, located in the Shanghai Chemical Industry Park (SCIP), will have the best technology available and will have a capacity of 250,000 tonnes/year of phenol and 150,000 tonnes/year of acetone. The plant, which is scheduled to open in late 2014, will cover the gap between demand and supply of phenol and acetone in China, which currently has to import significant volumes of these raw materials. It will also help to improve flexibility in the production by CEPSA Química, which will now have two factories (Spain and China), and to consolidate its presence on the global petrochemical market to become the second largest producer of phenol and acetone.

Other

CEPSA carries out worldwide sales and distribution of petrochemicals manufactured in chemical plants and obtained in refineries, through sales offices and marketing companies located in Belgium, Holland, Italy, Portugal, United Kingdom and United States.

CEPSA carries out worldwide sales and distribution through sales offices and marketing companies.

Activities

Gas and Power

The Gas and Power area supplies gas to the Group and sells it in the wholesale and retail markets. It also produces electricity and sells it to industrial clients and tertiary-sector consumers.

The Gas and Power area was affected in 2013 by regulatory changes driven by energy industry reform and a scenario of marked overcapacity. In this regard, the Company is focusing its efforts on growth through internationalisation and on finding new niche markets, in both its gas and power activities.

Investments in the area amounted to €159 million and were mainly focused on the acquisition of a 22% stake in MEDGAZ S.A. via the purchase of shares from Iberdrola, Endesa and GDF International. The Company gained a 42% stake overall in the consortium by year end 2013.

Key Indicators

Indicator	2013	2012	2011
NATURAL GAS SALES (GWh)	29,833	29,047	25,250
ELECTRIC POWER SALES (GWh)	2,299	3,575	3,424
STEAM SALES (THOUSANDS OF TONNES)	3,969	4,572	5,109
TURNOVER (EXCLUDING TAXES) (MILLIONS OF EUROS)	1,157	1,172	871
ADJUSTED OPERATING INCOME (MILLIONS OF EUROS)	5	42	35
INVESTMENTS IN THE YEAR (MILLIONS OF EUROS)	159	23	41

The Company is focusing its efforts on growth through internationalisation and on finding new niche markets.

NATURAL GAS

By marketing gas through CEPSA Gas Comercializadora (in which CEPSA has a 35% stake) and transporting it via MEDGAZ, the Gas unit achieved profits of €24.5 million.

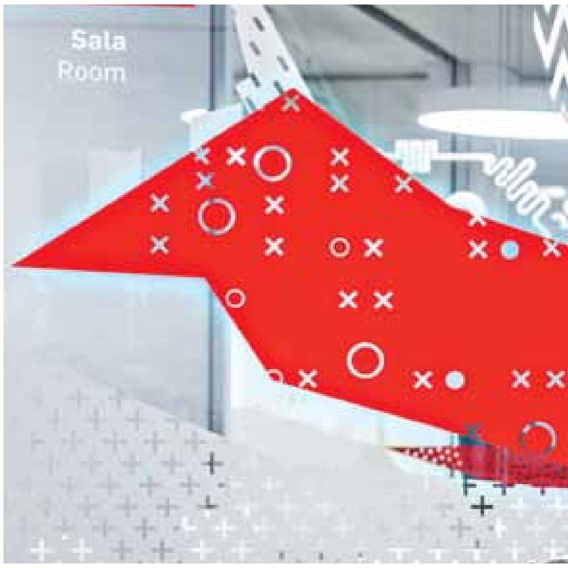
ELECTRIC POWER

To develop the power business, CEPSA has seven cogeneration plants at its refineries and industrial plants, which total 351 MW of capacity, and the combined cycle plant Nueva Generadora del Sur (NGS), with 780 MW of capacity, in which CEPSA has a 50% stake.

The Power unit in 2013 generated losses of €12.5 million as a result of the new energy price regulation which came into force in 2013 and of lower prices in the power market. These circumstances had an impact on our cogeneration and combined cycle plant activities, which produced 36% less than the previous year. Looking ahead, the Power unit will need to adapt its operation to the new legal framework.

Our share in the MEDGAZ pipeline increased by 22%, reaching a total stake of 42% at year end 2013.

Strategy



The main drivers of our growth in 2013 continued to be the Exploration and Production area and the Petrochemicals area.

STRATEGIC PLAN 2012-2016

CEPSA is currently undergoing a process of strong international growth and expansion driven by its sole shareholder, IPIC. The main drivers of growth in 2013 continued to be the Exploration and Production area and the Petrochemicals area, which have benefited from growing global presence and have provided access to expanding markets.

The Refining and Marketing businesses, very focused on the domestic market, have also been affected in recent years by the weak economic climate. Therefore, the Company is making a great effort to improve efficiency in its processes and increase its competitiveness.

To succeed in bringing this project to fruition, it is necessary to maintain a healthy capital structure, strictly control the potential risks and ensure the availability of resources and capabilities in order to be able to take advantage of opportunities for profitable acquisitions which in turn can contribute growth and value to the Company.

Therefore, the lines of the CEPSA Strategic Plan for the period 2012-2016 are focused on:

- Expansion in the Exploration and Production area.
- International expansion in Petrochemicals.
- Maximisation of efficiency at our production centres.
- Cost control in all our Business Units.
- Increased market share and improved profitability in Sales and Marketing.

The strategic lines for CEPSA in 2012-2016 reinforce the current business model, which is based heavily on expansion opportunities in foreign markets, and focus the actions of the Company towards achieving the following strategic objectives: growth, especially in the areas of Exploration and Production and Petrochemical and improving *downstream* efficiency (Refining and Petrochemicals).

These objectives include the integration and enhancement of the expansion already brought about during 2013, especially due to the assets of Coastal Energy.

Exploration and Production

Refining

Sales and Marketing

Petrochemicals

Gas and Power

EXTERNAL FACTORS	STRATEGIC LINES
• Price of Brent crude. • Costs of exploration projects. • Geopolitical situation. • New technologies.	• Replacement of reserves and resources through acquisition of assets. • Increase in exploration activities, diversifying of the mining domain. • Optimisation of production through high-tech projects. • Development of technical skills in offshore. • Management of new exploration portfolio and addition of reserves from the current portfolio. • Consideration of inorganic growth. • Promotion of R&D.
• Refining overcapacity. • Regulatory changes.	• Improvement in competitiveness. • Redesign of the product portfolio. • Optimisation of energy and operational efficiency processes. • Enhancement of synergies between operational centres.
• Weak financial situation. • Fall in demand for oil products. • Regulatory changes.	• Enhancement of non-oil services and products. • Attracting customers and building customer loyalty. • Increased efficiency. • Adapting the business model to regulatory changes. • Streamlining process efficiency. • Taking advantage of synergies among different fields of activity.
• Geographical diversification in the sector.	• Improving competitiveness. • More diverse products. • International growth. • Establishing worldwide leadership in phenol production. • Raising stakes in Latin America. • Broadening the LAB product portfolio.
• Regulatory changes.	• Raising wholesale and retail markets shares. • Developing synergies within the Company. • Building relationships with companies in the sector. • Complying with current legislation.

MASTER PLAN

Our growth and expansion process will require the entire Company to become involved in order to face and overcome the various challenges that this step forward will entail. Organisational adaptation is being driven from the inside by a Master Plan that supports and is aligned with the Strategic Plan. The Master Plan lays down the main lines of action the Group should take in the following areas:

- Improving efficiency and streamlining processes.
- Communication, Corporate Responsibility and Brand.
- People.

The aim of this Master Plan is to ensure that CEPSA is ready to successfully tackle the challenges posed by the Strategic Plan, particularly:

- Greater international presence.
- The significant changes taking place in traditional markets.
- The investments arising from the Strategic Plan that is now fully underway.

The Master Plan was conceived to cover all areas of the Company and to make the Group more able to respond and more efficient in reaching full expansion potential.

CREATING VALUE

The graph to the right shows 10 of the Company's key differentiators that provide it with competitive advantages and allow it to create value in the short, medium and long term.

CEPSA's Key Differentiators

1. *Support from our sole shareholder IPIC and from synergies with other companies in the Group.*
2. *Production in Algeria, Colombia, Malaysia and Thailand.*
3. *New operating assets in Malaysia, Thailand, Brazil, Suriname, Kenya and Liberia.*
4. *Synergies from integrating refining and petrochemical operations.*
5. *Petrochemical plants in Spain, Canada and Brazil; construction of a new plant in China.*
6. *Managing the MEDGAZ gas pipeline with Sonatrach.*
7. *Acknowledged as a model employer by Top Employers Spain due to its Human Resource policy.*
8. *Pioneering technology worldwide for fixed bed alkylation and best practices in LAB production.*
9. *World leader in producing LAB and manufacturing PIA (and the only company in Europe to do so).*
10. *The R&D capacity at our Research Centre enables us to be efficient and to maximise returns through technology.*

Corporate Governance

GOVERNANCE MODEL

CEPSA's corporate governance model is designed to help the Company achieve its strategic goals, implement best international practices in business management and protect the interests of all its stakeholders.

The governing bodies at CEPSA are the Board of Directors and the Board Committees.

GOVERNING BODIES

CEPSA's business follows a model that enables it to optimise its resources and coordinate its human capital and other assets in order to achieve the Company's goals. The governing bodies at CEPSA are the Board of Directors and the Board Committees.

The structure of the Board of Directors has remained the same as in previous years in terms of the number of Board members. The members themselves, however, have changed. Following the voluntary resignation of Mohamed Badawy Al-Husseiny as a Board member, Álvaro Badiola Guerra was designated to fill the vacant seat on the Board.

In addition, James Sullivan was appointed to the Board, succeeding HRH Carlos de Borbón, and as a member of both the Audit Committee and the Nomination and Compensation Committee.

Hamdan Al Hamed was also appointed as a new member of the Board (substituting Murtadha Al Hashmi), Executive Committee and Nomination and Compensation Committee and as Chairman of the Audit Committee.

Lastly, Pedro Miró was designated Chief Executive Officer on September 17, 2013, resigning as Chief Operating Officer, a position that was taken over by Juan Antonio Vera García in March 2014.

As of that date, the composition of CEPSA's governing bodies is as follows:

Members of the Board of Directors and of the Board Committees[1]

Name	Board of Directors	Executive Committee	Audit Committee	Nomination and Compensation Committee
H.E. KHADEM AL QUBAISI	CHAIRMAN	CHAIRMAN	-	MEMBER
SANTIAGO BERGARECHE	CO-CHAIRMAN	MEMBER	MEMBER	CHAIRMAN
PEDRO MIRÓ	CHIEF EXECUTIVE OFFICER	MEMBER	-	-
HAMDAN AL HAMED	MEMBER	MEMBER	CHAIRMAN	MEMBER
ÁLVARO BADIOLA	MEMBER	-	-	-
JAMES SULLIVAN	MEMBER	-	MEMBER	MEMBER
IGNACIO PINILLA[2]	SECRETARY	SECRETARY	SECRETARY	
CARMEN CAGIGA[2]	VICE-SECRETARY	VICE-SECRETARY	VICE-SECRETARY	-
CARLOS MORÁN[2]	-	-	-	SECRETARY

[1] *Members of the Board of Directors and of the Board Committees on the date of drafting of the annual financial statement, management report and proposal for the application of results of Compañía Española de Petróleos S.A.U. (CEPSA), all in relation to the year 2013.*
[2] *Non-board members.*

Board of Directors

Given that IPIC holds 100% of CEPSA's shares, its legal status has changed from a public limited company (known in Spain as S.A.) to a sole shareholder company (S.A.U.).

The Board of Directors is in charge of defining the Company's strategic lines and financial targets, as well as ensuring that CEPSA caters for the needs and concerns of the societies in which it operates. The powers entrusted to the Board are delegated to the Executive Committee and to the Chief Executive Officer, except those that cannot be legally delegated.

During 2013, the Board of Directors held 9 meetings.

Members of the Board of Directors

H.E. Khadem Al Qubaisi

Chairman
Date of appointment: 1 October 2009 (through co-option, with his position ratified by the Annual General Meeting on 28 May 2010).
Qualification: A graduate of the United Arab Emirates University with a degree in Economics.

H.E. Khadem Al Qubaisi holds the position of Chairman of the Board of Directors and of the Executive Committee of CEPSA. He is also a member of the Nomination and Compensation Committee.

He has a wealth of professional experience in the financial arena. He began his professional career as a financial analyst at the Abu Dhabi Investment Authority, and subsequently headed the Investment Management Division at International Petroleum Investment Company (IPIC), where he is currently Managing Director.

He is Chairman of several organisations, including Aabar Investments, ARABTECH, National Central Cooling, Abu Dhabi National Takaful, I-Media Newspaper, Falcon Private Bank and Nova Chemicals, and he is also Vice-Chairman of Abu Dhabi Polymers. He has been Chairman of CEPSA since 27 September 2011.

The Board of Directors is in charge of defining the Company's strategic lines and financial targets, as well as ensuring that CEPSA caters for the needs and concerns of the societies in which it operates.

Santiago Bergareche

Co-Chairman
Date of appointment: 27 June 2008 (through co-option, with his position ratified by the Annual General Meeting on 26 June 2009).
Qualification: A degree in Economics and Law from the University of Deusto (Bilbao, Spain).

Santiago Bergareche is Co-Chairman of the Board of Directors of CEPSA, Chairman of the Nomination and Compensation Committee, and also a Member of the Executive Committee and the Audit Committee.

He has a long track record in the management of leading Spanish companies, and served as General Manager and Member of the Management Board of BBVA, Chairman of Metrovacesa, and CEO of the Ferrovial Group.

He currently serves on the Board of Directors of various corporations, including Vocento, Maxam and Deusto Business School, is the Non-Executive Chairman of Dinamia Private Equity and Vice-Chairman of the Ferrovial Group.

Pedro Miró

Chief Executive Officer
Date of appointment: 17 September 2013.
Qualification: A degree in Chemistry from the University of Barcelona.

Pedro Miró is a Member of the Executive Committee. He has forged his career at CEPSA, having been part of the Company since 1976, where he has served as Director of the Research Centre, Director of Technology and Vice President of Exploration and Production. In 2009, Miró was appointed as member of the Management Committee and Senior Vice President of Technical Operations, where he was responsible for CEPSA's Refinery and Power divisions. He was Chairman of MEDGAZ from 2000 until its commissioning in March 2011, and is also Deputy Chairman of Europia.

The Board exercises its powers, duties and responsibilities through three committees: The Executive Committee, the Audit Committee and the Nomination and Compensation Committee.

Hamdan Al Hamed

Member.
Date of appointment: 9 December 2013

Hamdan Al Hamed has a degree in E-Commerce Applied Sciences from the Technological University of Abu Dhabi in June 2005.
Since 9 December 2013, Al Hamed has been a member of CEPSA's Board of Directors and is a project analyst at IPIC. Before that, Al Hamed was a partner at "Invest AD", the Abu Dhabi investment company, until 2010.

Hamdan Al Hamed is a member of CEPSA's Executive Committee, a member of the Nomination and Compensation Committee and Chairman of the Audit Committee.

Álvaro Badiola

Member.
Date of appointment: 6 March 2014
Qualification: Mr Badiola holds a degree in Business Administration from the Comillas Pontifical University.

He has forged his career in the financial field at companies such as Arthur Andersen, BBVA and Telefónica, where he served as Chief Executive Officer in Peru. He joined CEPSA in July 2012 as Chief Financial Officer. Before joining the Board, he served on the boards at Group companies such as CBS, MEDGAZ and CEPSA Trading, and at CLH.

James Sullivan

Member.
Date of appointment: 23 October 2013
Qualification: Degree in Law, Degree in Arts and Humanities and Post-graduate Degree from the University of Otago (New Zealand).

James Sullivan was admitted as a solicitor of the Senior Courts of England and Wales and as a barrister and solicitor of the High Court of New Zealand. Sullivan began his career as a barrister in New Zealand. He currently serves as General Counsel for International Petroleum Investment Company in Abu Dhabi. Before moving to the United Arab Emirates, James Sullivan worked for an important international law firm in London.

He is a member of the Audit Committee and of the Nomination and Compensation Committee at CEPSA. He is also a Board member of Falcon Private Bank, Falcon Private Wealth and Hakkasan Limited.

Ignacio Pinilla

Non-Director Secretary
Date of appointment: 31 January 2012
Qualification: A Law graduate from the Complutense University of Madrid and a State Attorney on leave of absence.

Ignacio Pinilla serves as Non-Director Secretary on CEPSA's Board of Directors and on the Executive and Audit Committees. He has worked as a State Attorney for the Spanish Ministries of Health and Finance. Following his years of public service, he went on to provide legal advice to private companies. He has been Corporate Secretary at Portland Cement and at Líneas Aéreas de España, S.A., and has held the position of Board Secretary and Director of Legal Affairs at Construcciones Aeronáuticas, S.A.

He joined CEPSA as Director of Legal Affairs in 2001, and following IPIC's acquisition of 100% of CEPSA's shares he was appointed Senior Vice President of Corporate Legal Affairs and General Counsel.

Carmen Cagiga

Non-Director Vice-Secretary
Date of appointment: 31 January 2012
Qualification: A Law graduate from the Complutense University of Madrid.

Carmen Cagiga is Vice- Secretary of CEPSA's Board of Directors, Executive Committee and Audit Committee.

Her professional career at CEPSA began in 1973, in the Legal Affairs Department working in the areas of corporate, EU and environmental law. Since 1990, she has been in charge of Corporate and Legal Affairs, where she provides, ***inter alia***, legal advice to the Company's Secretary and Board of Directors.

Carlos Pérez de Bricio

Non-Director Honorary Chairman.

BOARD COMMITTEES

The Board exercises its powers, duties and responsibilities through three committees:

THE EXECUTIVE COMMITTEE
Created in August 2011. No meetings were held in 2013. It is governed by the relevant Regulations of the Board of Directors and is composed of six members, four of whom are Directors.

THE AUDIT COMMITTEE
Composed of five members, three of whom are Directors appointed by the Board of Directors based on professional experience and skills in accounting, finance and auditing. The Audit Committee is governed by the regulations of the Board of Directors and meets approximately once every quarter. The Audit Committee met four times in 2013.

THE NOMINATION AND COMPENSATION COMMITTEE
Composed of five members, four of whom are Directors. It is governed by the regulations of the Board of Directors. Due to the nature of its role and responsibilities, it does not meet at specific periodical intervals. This Committee met twice in 2013.

Members of the Executive Committee

Name	Position
KHADEM AL QUBAISI	CHAIRMAN
SANTIAGO BERGARECHE	MEMBER
HAMDAN AL HAMED	MEMBER
PEDRO MIRÓ	MEMBER
IGNACIO PINILLA	SECRETARY
CARMEN CAGIGA	VICE-SECRETARY

Members of the Audit Committee

Name	Position
HAMDAN AL HAMED	CHAIRMAN
SANTIAGO BERGARECHE	MEMBER
JAMES SULLIVAN	MEMBER
IGNACIO PINILLA	SECRETARY
CARMEN CAGIGA	VICE-SECRETARY

Compensation for the Board of Directors is governed by the Company By-Laws and the Board of Directors Regulations.

Members of the Nomination and Compensation Committee

Name	Position
SANTIAGO BERGARECHE	CHAIRMAN
KHADEM AL QUBAISI	MEMBER
HAMDAN AL HAMED	MEMBER
JAMES SULLIVAN	MEMBER
CARLOS MORÁN	SECRETARY

Compensation for Governing Bodies

Compensation for the Board of Directors is governed by the Company By-Laws and the Board of Directors Regulations. This consists of a fixed annual payment set by the Company's sole shareholder and the Board of Directors at the proposal of the Nomination and Compensation Committee, in addition to attendance fees. This being said, the total sum received by the members of the Board must not exceed one thousandth of the total consolidated revenues from the previous year. The total fixed payment is distributed among the members at the time, in the manner and in the proportions agreed by the Board of Directors itself at the proposal of the Nomination and Compensation Committee, based on the commitment and the importance of the role each Board member plays.

Compensation for Senior Managers is comprised of a fixed and variable pay, the latter calculated as a percentage of the fixed pay based on the degree of achievement of the targets set for that year. These goals are set according to the financial results of the overall Group, work safety ratios, operational business aspects and individual performance.

ETHICS AND COMPLIANCE

CEPSA's governance model is based on the Company's Founding Values and Principles, as well as on the standards contained in the Code of Ethics and Conduct, which acts as a framework of reference for professional performance. Compliance with this model is obligatory for all CEPSA professionals and it lays down the ethical values and general principles by which they should be guided.

With the aim of establishing a suitable governance model to ensure that the Code of Ethics and Conduct is correctly implemented, supervised and complied with, it was decided to create the Ethics Committee. Furthermore, an Ethics Channel has been opened in order to alert the Company of any issues in this regard in an entirely confidential manner, informing of any behaviour that does not comply with the provisions of the Code. The Channel is open to both CEPSA employees and external individuals on the Company's web site, under the Corporate Governance section.

The Ethics Committee, composed of members appointed by CEPSA's Board of Directors, is responsible for driving, monitoring and controlling compliance with the values, principles and standards of conduct established in the Code of Ethics and Conduct, and for finding solutions to any ethical dilemmas that arise, dealing with complaints received and supporting the implementation of the necessary corrective measures in each case.

The Ethics Committee is also responsible for constantly supervising the creation and implementation of best practices to monitor, investigate and train employees in order to prevent any misconduct that may give rise to liabilities or consequences of any kind for CEPSA. The Company's professionals should always act in observance of these ethical rules and, when in doubt, they are advised to address the Ethics Committee using the Ethics Channel to notify it of any incidents.

In line with this, CEPSA endeavours to secure sound and fair competition and to comply with applicable competition regulations. To this end, in June 2013, the Legal Affairs Department launched a new version of the Programme for compliance with competition regulations. The new version was adapted to new public criteria established by the European Commission and sought to make it clear that the Company was an advocate of fair competition and to encourage this to spread throughout the entire Group.

ANTI-CORRUPTION

CEPSA's actions in relation to anti-corruption practices and measures are guided by the Code of Ethics and Conduct, which contains specific measures to combat bribery and corruption. In this sense, CEPSA uses its Ethics Committee to carry out the Company's fraud prevention policies and procedures, in addition to following a programme for compliance with current legislation in this field.

Corporate Responsibility

CEPSA's Corporate Responsibility is built on its founding principles, which are the behavioural standards that guide the Company as a socially committed and responsible enterprise.

SUSTAINABILITY IN OUR MANAGEMENT

At CEPSA, corporate responsibility is considered a key factor for the success of the business. That is why the Company believes that one of its prime goals is to manage its activities in a responsible and sustainable manner, abiding by the Group's ethical values and principles and working to pro-actively minimise its impact on the environment and surrounding communities, with all stakeholders in mind.

The Company's presence in countries with different cultures and uneven levels of financial and social development means that one of CEPSA's everyday challenges involves implementing different programmes to reduce the social and environmental effects caused by its activities, as well as initiatives to protect and promote Human Rights.

As a company operating in the energy sector, CEPSA accepts its special duty to produce energy in a safe and responsible manner for society and to act as an example of sustainable management.

CORPORATE RESPONSIBILITY MASTER PLAN

CEPSA's corporate responsibility is inspired by the Company's general values and principles, which set the behavioural standards that guide our actions as a socially committed and responsible enterprise: respect for human rights, transparent management, quality and safety in all our activities and products, and environmental protection.

This responsible attitude to business took shape in 2012 with the approval of our Corporate Responsibility Master Plan 2013-2015.

The plan encompasses all of the challenges that CEPSA's management has voluntarily set itself in order to build a responsible business model. It has the aim of encouraging and maximising the hard work put in by each of the different units in order to guarantee that it caters for all of the needs and concerns of our stakeholders in seven fields: ethics, good governance, environmental management, employees, customers, suppliers and society.

CORPORATE RESPONSIBILITY MASTER PLAN 2013-2015

Ethics

At CEPSA, we have a Code of Ethics and Conduct that contains the general values and principles which shape the Company's performance and set the behavioural guidelines to be followed by all of our professionals in their tasks.

Good Governance

We aim for quality and efficiency in all the different elements that compose CEPSA's governance system in order to ensure our behaviour is ethical, transparent and responsible at all business levels.

Environmental Management

We strive to keep up our standards of excellence by protecting the environment and contributing to sustainable development.

Customers

We aim to provide quality and efficiency in all of the products and services we offer and we encourage close relationships with clients based on trust.

Employees

We strive to offer a safe working environment and to attract, train and produce quality professionals, managing our professional relationships wisely and respecting human rights in the workplace.

Suppliers

It is our will to share our values with suppliers and contractors and to work jointly with them so as to achieve our common goals.

Society

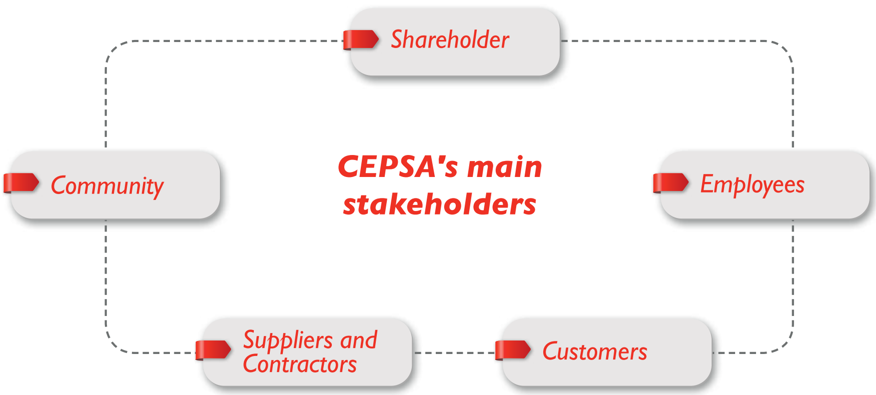
We believe that in order to strengthen our social commitment and to correctly manage our social impact, it is important to invest in actions aimed towards meeting the needs and priorities of the communities and areas we operate in.

As a company operating in the energy sector, CEPSA accepts its special duty to produce energy in a safe and responsible manner for society and to act as an example of sustainable management.

RELATIONSHIPS WITH STAKEHOLDERS

At CEPSA, we are convinced that our competitiveness and capacity to generate value are inextricably tied to our commitment to meet stakeholders' expectations.

CEPSA's decisions and activities have a direct and indirect effect on the different individuals, groups and organisations the Company works with. At the same time, these decisions and activities influence the management and reputation of the Company itself. In this sense, the groups that most significantly affect and/or are affected by the activities, products and services of the Company are CEPSA's stakeholders: our shareholder, our customers, our suppliers and, of course, our employees.



Stakeholders	Relations Channels
Shareholder	*IPIC, our single shareholder, actively takes part in the running of the Company through the Governance Bodies in place for this purpose.*
Employees	*Employees may convey any suggestion to their immediate superiors and use the Intranet or the employee portal. Furthermore, they can share their opinions via climate surveys and have a 100% confidential Ethics Channel at their disposal for reporting incidents.*
Customers	*Customers' opinions are collected via periodic satisfaction surveys and complaints are channelled through our Customer Service.*
Suppliers and Contractors	*Suppliers and contractors can send their suggestions directly to the Purchasing Unit or via an area reserved for them on CEPSA's website.*
Community	*By maintaining an open dialogue with the local communities of the countries in which we operate and carrying out surveys to find out what they need, we can evaluate and meet their particular needs.*

We at CEPSA are convinced that our competitiveness and capacity to generate value are inextricably tied to our commitment to meeting our stakeholders' expectations.

ETHICS AND RESPONSIBILITY

CEPSA is committed to a sustainable and responsible business model that must be supported by all of the people who make up the Company. With this in mind, corporate responsibility helps to reinforce this business model, with ethics standing as one of its key pillars.

CEPSA has a Code of Ethics and Conduct that contains the general values and principles which shape the Company's performance and set the behavioural guidelines to be followed by all of its professionals in their tasks.

Leadership, care, the constant will to improve and sustainability are essential ethical values and principles that must be embraced by all of CEPSA's professionals.

Ethics Committee

With the aim of establishing a suitable governance model to ensure that the Code of Ethics and Conduct is correctly implemented, supervised and complied with, it was decided to create the Ethics Committee. Furthermore, an Ethics Channel has been opened in order to alert the Company of any issues in this regard in an entirely confidential manner, informing of any behaviour that does not comply with the provisions of the Code. The Channel is open to both CEPSA employees and external individuals.

SUPPORTING INITIATIVES

Global Compact

CEPSA is an active supporter of the principles of the Global Compact, an international initiative driven by the United Nations that seeks to encourage organisations to voluntarily commit to corporate responsibility.

CEPSA joined the initiative in 2005, thus undertaking to apply ten principles of conduct as part of its strategy and business.

These ten principles are linked to human and work rights, the environment and the fight against corruption.

Other Initiatives

CEPSA participates in several business and industry associations and is involved in several national and international corporate responsibility initiatives such as:

- Complying with the Universal Declaration of Human Rights.
- Adhering to the Organisation for Economic Co-operation and Development's (OECD) guiding principles and to the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.
- Pledging to the progress of the chemical industry.
- Adhering to the World Business Council for Sustainable Development.
- Adhering to the Biodiversity Pact.
- Committing before the Ministry of Health, Social Services and Equality to supporting the campaign to raise society's awareness of gender-based violence.
- Accepting the Code of Good Tax Practices issued by the Spanish Government.

SUSTAINED ECONOMIC VALUE

One of our business goals is to make a sustained economic profit, as well as distributing it in a balanced manner among all those who contribute to its making.

Economic Value Generated[1]

Millions of euros

	2013	2012	2011
NET SALES (INCLUDING EXCISE TAXES)	27,577	28,810	27,199
OTHER OPERATING INCOME	157	123	206
FINANCIAL INCOME	45	38	26
SHARE IN PROFITS OF ASSOCIATED COMPANIES	38	38	43
GAINS FROM THE DISPOSAL OF ASSETS	7	23	11
TOTAL	**27,824**	**29,032**	**27,485**

Economic Value Distributed[2]

Millions of euros

	2013	2012	2011
PAYMENTS TO SUPPLIERS	23,357	24,615	23,031
EMPLOYEES' SALARIES AND BENEFITS	610	596	587
PAYMENTS TO CAPITAL PROVIDERS	374	337	333
TOTAL TAXES PAID BY CEPSA	2,767	2,512	2,707
TOTAL	**27,108**	**28,060**	**26,658**

Economic Value Retained

Millions of euros

	2013	2012	2011
ECONOMIC VALUE GENERATED	**27,824**	29,032	27,485
ECONOMIC VALUE DISTRIBUTED	**27,108**	28,060	26,658
ECONOMIC VALUE RETAINED	**716**	972	827

[1] *The economic value generated obtained by adding up the operating income, the financial income, the participation in associates' results and income from sales of assets.*
[2] *The economic value distributed calculated on the basis of the adjusted results. The effect on the Company's assets from inventory variations and other non-recurring items have been eliminated, providing a more meaningful indicator of the fundamentals of the business regardless of fluctuations in the value of the inventories that are required both for legal (minimum security stocks) and operational reasons.*

Innovation and Technology

For CEPSA, research is a tool for creating value, competitiveness and sustainable growth that contributes to optimising production processes, improving product quality and the Group's technological training.

The Research Centre's main goals are to support the business with pilot plants and testing equipment and to invest in new projects for the future.

RESEARCH CENTRE

Our Research Centre services our production centres and sales units through quality research for both solving operational issues and providing our customers' with after-sales service.

Some of its most recent activities are the improvement of production processes so as to reduce their environmental impact and the development of new plant-based fuels.

The Centre's main objectives are to support the Group's business by means of pilot plants and testing equipment and to bet on the future by investing in new projects. The main research areas at the Centre are the synthesis and characterisation of catalysts, *enhanced oil recovery* (EOR), biofuels, petroleum refining, petrochemicals, and lubricants.

Major Projects in 2013

Three projects stand out among the projects developed at the Research Centre in 2013.

The main project carried out at the Research Centre in 2013 is the project for the application of EOR (*Enhanced Oil Recovery*) and IOR (*Improved Oil Recovery*) methods to recover crude oil in oil fields.

Another project at the Research Centre in 2013 was the study for introducing the Detal process for solid bed alkylation of benzene at a Group plant in Cadiz.

In 2013 CEPSA's Research Centre also collaborated with the Volkswagen Group in the development of a first-fill-up petrol and diesel for SEAT according to the German company's technical specifications. In order to produce these fuels, CEPSA participated in the fine tuning of new testing methods and in the solving of problems with the first blends. The petrol and the diesel have been approved at Volkswagen's central lab and sent to SEAT.

Other Innovation Projects at National and International Levels

CEPSA has been developing for the past few years innovation and technological projects both in Spain, at its Research Centre and in collaboration with other entities and overseas. This is why since 2012 the Company is committed to improving the activities at some of its international plants. In particular, the basic engineering activities were started at the Shanghai petrochemical plant, CEPSA's first plant in China for the production of phenol and acetone, whose construction continued during 2013 and is expected to be completed by the end of 2014.

The Acetales Project, whose purpose is to obtain an additive for diesel by producing an acetal from glycerine and acetone, is worth highlighting among the projects the Company launched in Spain in 2013.

This will allow us to make use of acetone and produce a fuel with greater value-added. After arriving at optimised discontinuous reaction conditions (temperature, ratio of elements, residence time and catalyst), a facility was built on a semipilot scale in which the tests have been very promising.

The project started halfway through 2013 in the field of refining consisting of the conversion of vegetable oils into green fuels stands out among the Company's future projects.

Role of Technology in Environmental Protection

CEPSA's Research Centre is working on developing testing methods so that its new products may meet market and European specifications. Since 1986 the Centre, in collaboration with the different business areas and the *Health, Safety and Environment* (HSE) unit, provides technical and general support to the processes and products of the Refining and Petrochemicals business areas, paying special attention to environmental issues.

The activities which are carried out regarding research into production processes in operation and the development of new fuels, aims to develop new techniques which minimise the impact on the environment and to reduce the emission of greenhouse gases (GHGs).

The purpose of the activities which are carried out is to develop techniques which minimise the impact on the environment and reduce greenhouse gas emissions (GHGs).

Focused Overview

Azeotropic Distillation

CEPSA is making great efforts to carry out innovative projects to reduce the environmental impacts of its plants and improve the quality of its effluents.

In 2013 CEPSA decided to optimise the efficiency and technology of its TA-2 and TA-3 plants through azeotropic distillation. This technique is used to break an azeotrope in distillation by means of an ethanol-water mixture, which decreases by 20-30% the use of steam in the dehydration columns.

Thus, the amount of acetic acid discharged into the effluent drops by 90%, which means an average of 2.8 tonnes/day between both units. In addition, this new improvement will recover an important part of p-Xylene and m-Xylene, whereby consumption will decrease by 2 tonnes/day.

Focused Overview

Conversion of Vegetable Oils into Biofuels

Vegetable oils are one of the main raw materials for the production of biodiesel, which is a good alternative to fossil fuels since it has environmental advantages such as a reduction in the emission of GHGs.

Vegetable oils are obtained from soy beans, palms, rapeseed and sunflowers among other vegetables and transformed to produce fuels useful for the automotive industry. Today, the most commonly used biodiesels are FAMEs (*Fatty Acid Methyl Esters*), which are obtained from the chemical reaction between fats and methanol that produces the typical biodiesel. A new product, HVO (*Hydrogenated Vegetable Oil*), or hydrobiodiesel, is manufactured with the vegetable oils provided by the Bio-oils plant located near CEPSA's refinery in Huelva. This new biofuel has several advantages such as an enhancement of the quality of combustion and the vehicle's performance and a smaller environmental impact. Thanks to HVO, the emissions of carbon, particles and nitrogen oxides can be brought down.

CEPSA has spent 4 years producing this type of fuel in Spain, in its refineries in the Iberian Peninsula. In 2013, its Tenerife refinery became part of this initiative and started to process used vegetable oils. This turns a highly pollutant waste found in the waste water treatment plants in the Canary Islands into a biofuel for automobiles.

Collaboration with Educational Institutions

CEPSA's Research Centre collaborates and organises programmes with different Spanish educational establishments such as the University of Alcalá de Henares and the Carlos III, Autonomous, Complutense and Polytechnic Universities of Madrid, the university centres of Huelva, Seville, Cadiz and La Laguna (Santa Cruz de Tenerife), and the Engineering School of Seville. It also has ongoing agreements with the Higher Centre for Scientific Research and the Technological Institute of Chemistry among others.

Our Professionals

Talent management, mobility, training and performance evaluation are some of the essential tools to achieve a well-balanced leadership team at the Company.

We have more than 11,000 professionals from 14 different nationalities spread out over seven geographical areas. Hence, values such as responsible leadership, personal and professional development and attracting the best talent determine the main lines of action during CEPSA's current phase of international growth and expansion.

Leadership, personal and professional growth and talent shape our main lines of action.

Leadership

A CEPSA management style, together with ethical values and principles that govern the behaviour of its professionals, who will always act according to our Code of Ethical Conduct, our policies and the law.

Attracting talent

Turning CEPSA into the best company to work for, creating a value proposal which attracts the best talent, which will join that already working for the Company and instituting measures that make it easier to balance work and private life.

Personal and Professional Growth

We value existing talent and help it grow in a high-performance environment. We acknowledge achievements transparently to help our employees' careers progress amidst a framework of equal opportunities, respect for diversity and non-discrimination.

Lines of action:

- Identifying and developing the talent that CEPSA needs in future business.
- Driving the growth of our professionals with worker mobility.
- Encouraging motivation and a sense of pride for working with CEPSA.
- Promoting innovation, job safety and collaboration.
- Creating an environment of responsibility and commitment based on CEPSA's Values and capability model.
- Measuring and appraising the contributions and individual skills of our professionals.

OUR PROFESSIONALS

As of 31 December 2013, CEPSA had a staff of 11,069 employees. This staff reflects the total number of employees as of said date, regardless of their timetables and the variations experienced throughout the year.

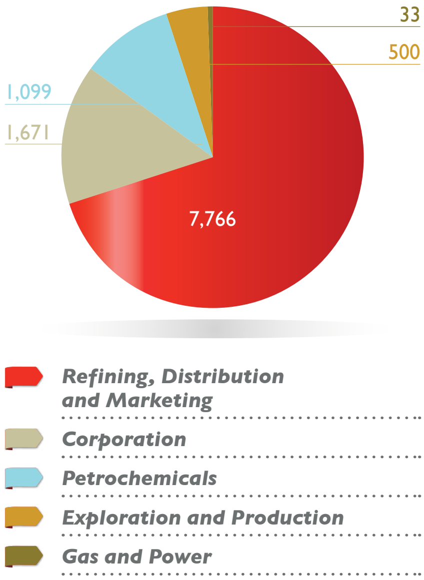
The Group's average annual staff in 2013 was 11,176 employees.

	2013	2012	2011
STAFF AS OF 31 DECEMBER	**11,069**	11,743	12,006
AVERAGE AGE	**42.95**	41.7	41.6
AVERAGE SENIORITY	**12.12**	11.4	11.5

Our Workforce, Broken Down into Professional Categories

2013 MEN	2013	2013 WOMEN	2012 MEN	2012	2012 WOMEN
600	Management	118	599	Management	108
2,527	Higher and Middle Technicians	870	2,626	Higher and Middle Technicians	846
3,964	Specialists	2,233	4,298	Specialists	2,401
124	Administration	380	139	Administration	423
169	Assistants	84	175	Assistants	128
7,384	**Total**	**3,685**	**7,837**	**Total**	**3,906**

Our Workforce, Broken Down by Business Unit



SELECTING, MANAGING AND RETAINING TALENT

CEPSA applies a thorough selection process to ensure that we work with the best professionals available in each of the roles they carry out, with equal opportunities regardless of gender and origin.

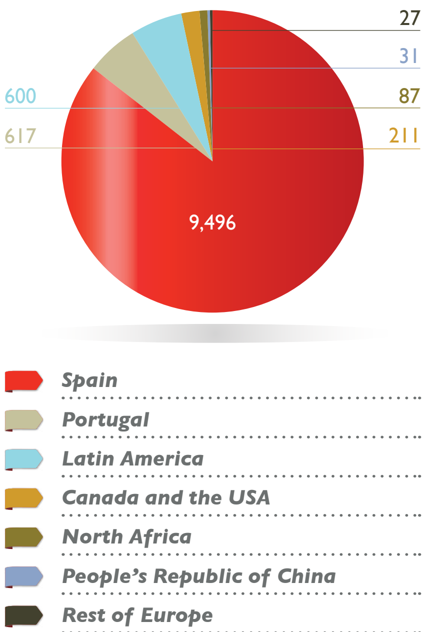
That's why, in 2013, the Company analysed and published a new procedure to enhance the transparency of our selection processes. The new procedure also helps provide candidates with more information and to better monitor the process.

To implement the new procedure, the Company has been equipped with the right software to enable permanent on-line supervision of the entire selection process.

CEPSA is always looking to attract the best professionals, as a reliable, professional and growing company. With this in mind, the Company carries out a number of initiatives to attract and select top talents. Among these initiatives are the CEPSA Chair, agreements with various universities to offer grants for undergraduates and postgraduate students, as well as our work experience programmes during the summer months.

And we are proud to say that most of our team are on permanent contract (92.3%) and work full-time (94.8%). Most of our workforce is located in Spain and Portugal, where 96.26% are local workers[1]. In the remaining geographical areas this percentage reaches 91.63%.

Our Workforce, Broken Down by Geographical Area



Local Employment

	Total employees	% Local employees[1]
SPAIN	9,496	96.02%
PORTUGAL	617	100.00%
BELGIUM	9	100.00%
BRAZIL	222	100.00%
CANADA	210	99.05%
CHINA	31	61.29%
COLOMBIA	328	96.95%
ALGERIA	87	41.38%
UK	7	85.71%
ITALY	6	100.00%
NETHERLANDS	5	100.00%
PANAMA	7	100.00%
PERU	43	90.70%
USA	1	100.00%

[1] *For the purposes of this report, 'local' is understood to refer to persons who were born in or who have the right to permanent residence in the country where the company has its registered office.*

TRAINING AND DEVELOPING PEOPLE

CEPSA supports the talent of its employees, encouraging their training and professional development. We see training as the best tool to achieve these goals, and every year the Company introduces plans and programmes for all of its professionals.

In 2013, the Company invested almost €7.5 million in different training programmes, adding up to a total of 396,908 hours. 66.51% of the workforce have benefited from these programmes, especially specialists and technicians, who accounted for 37.4% and 46.4% of the annual average training hours, respectively.

Our training and development programmes are available at all stages of our employees' careers, meaning we have programmes for recently qualified professionals right up to top level management programmes.

In 2013, the Company launched the Graduate Programme, which provides an induction and onboarding plan for 27 young professionals, including business training and skill development, where they learn all about CEPSA. All our training is backed by a *mentoring* process and involves participation in cross-company projects relating to strategic fields of interest to the Company.

Taking advantage of new technologies, CEPSA is strengthening the contents and encouraging the use of the 'CEPSA Campus', an on-line application available for all of the Group's employees that has unified a large range of training resources to encourage self-development and the interactivity of staff members.

Training by Subject

Field	No. of hours	% of total
PRODUCTION	111,617	28.12%
ENVIRONMENT AND QUALITY	8,130	2.05%
HEALTH AND SAFETY	46,045	11.60%
TECHNOLOGY	14,054	3.54%
PLANNING AND LOGISTICS	1,620	0.41%
EXPLORATION	6,083	1.53%
SALES / MARKETING	26,761	6.74%
ADMINISTRATION	18,097	4.56%
HUMAN RESOURCES	25,109	6.33%
BUSINESS MANAGEMENT	1,557	0.39%
COMMUNICATION	3,963	1.00%
IT	12,436	3.13%
LANGUAGES	45,163	11.38%
MANAGEMENT	33,277	8.38%
MISCELLANEOUS	42,997	10.83%
TOTAL	**396,908**	**100%**

In 2013, the Company invested almost €7.5 million in different training programmes.

EQUAL OPPORTUNITIES AND PREVENTING DISCRIMINATION

Equal opportunities and non-discrimination are an essential element of CEPSA's corporate culture, which is based on integrity and transparency. They are therefore a priority goal when dealing with individuals throughout the Group.

The Company strives to defend the principles of equal opportunities and respect for diversity, ensuring they are embedded in the Group culture and embraced by employees. It is with this in mind that CEPSA has created an Equal Opportunities Committee, seeking to enhance its commitment to equality and preventing discrimination.

Furthermore, since the Equality Act was passed, the Company has doubled its efforts to actively support equal opportunities by implementing equality plans in the different Group businesses. By December 2013, they had already reached 87% of the workforce,

These equality plans help maximise the potential and capabilities of every professional, driving their motivation and encouraging their commitment to the Company, and ultimately consolidating the Company's business culture.

A third of our workforce is made up of women. 16.4% of all management positions are held by women, a figure that is growing every year thanks to the equal opportunity policy that CEPSA applies in all Group companies.

TALENT MOBILITY

CEPSA's business project, its situation and the challenges it is faced with have turned mobility – both functional and geographical (national and international) – into a critical and essential element in people management, not only in terms of their personal and professional growth, but also to encourage common values and corporate culture.

Consistent with this goal, in 2013, the Company published a new policy to encourage expatriation and international mobility. The policy lays down the conditions and rules that apply to those professionals who wish to serve in other countries. CEPSA also reviewed the procedures to cater for the needs of human resources, including new measures to make reactive mobility easier and more attractive.

All these measures help boost internal selections and reactive mobility, while at the same time making for a transparent and competitive system that provides incentives for working in other countries.

Thanks to these initiatives, 897 people changed positions in 2013, amounting to 23% more than the previous year, and 71 people chose to move to a different geographical location and work in a new area.

Focused Overview

Improved Employer Rating on Social Networks

In 2013, CEPSA ranked first on the LinkedIn Talent Brand Index for companies within the energy sector, and also climbed further up on the list of attractive employers.

CEPSA now has more than 21,000 professional followers on LinkedIn and more than 7 million first degree connections.

Geographically, we have a strong profile in countries such as Spain, Algeria, Peru and Colombia, where a high percentage of our connections are very interested in CEPSA as an employer.

And this year we have started to use the corporate Facebook and Twitter profiles in order to publish our employment opportunities and brand actions.

PERFORMANCE ASSESSMENT AND COMPENSATION

In order to successfully apply CEPSA's expansion and growth strategy, talent management and the growth of our professionals prove especially important.

So as to monitor and improve our employees' professional growth, in 2013, the Department of Human Resources and Organisation developed a new assessment model called *MIDE* (the Spanish initials for Integrated Assessment Model), which takes into account both professional performance and capabilities. *MIDE* helps obtain updated and objective information on the capabilities and skills that allow people to improve and progress professionally in their tasks.

The new model will have a huge impact on compensation processes (both fixed and variable), on succession planning and on plans for training, development, promotion and worker mobility.

Employees Receiving Performance Appraisals

	Total number of employees	Total number of employees with individual appraisals	Total number of employees with other types of appraisals	Total appraised	%
MANAGEMENT AND DEPARTMENT HEADS	718	718	0	718	100%
HIGHER TECHNICIANS	1,663	1,509	32	1,541	93%
TECHNICIANS	1,734	1,000	323	1,323	76%
SPECIALISTS	6,197	861	1,066	1,927	31%
ADMINISTRATION	504	435	17	452	90%
ASSISTANTS	253	67	27	94	37%
TOTAL	**11,069**	**4,590**	**1,465**	**6,055**	**55%**

Equal opportunities and non-discrimination are part of CEPSA's corporate culture.

EMPLOYEE SATISFACTION AND COMMITMENT

We at CEPSA are always eager to know how satisfied and committed our employees feel. That's why the Company conducts opinion surveys once every two years in each of the countries it operates in.

Based on the data obtained in the last opinion survey, 27 action plans have been drawn up.

They will affect every country and line of business and will be coordinated by the Climate and Commitment Work Group. This Work Group, composed of representatives from all of the Company's areas, is responsible for managing and supervising the Cross-Company Improvement Plan, to make sure that the actions are implemented and progressing adequately, and to identify areas for improvement.

WORK-LIFE BALANCE AND FAMILY SUPPORT

CEPSA supports and encourages a healthy balance in its employees' professional and family lives, offering the best working conditions in each case and guaranteeing equal opportunities.

Key amongst these family support activities is the Family Plan, a programme managed by the Fundación Adecco and aimed at the disabled children of CEPSA Group employees. Thanks to this Plan, individual courses of action have been followed to help these youngsters become more independent and better integrated in society and the professional world.

In line with its concern for social matters and within its employee support policy, in 2014, the Department of Human Resources and Organisation is working with the Social Care Office to implement the Employee Support and Balance Plan (PACE, for its Spanish initials), which is designed to help all CEPSA employees in Spain achieve a balanced family-work life and thus offer better overall care for its workers.

The plan aims, on the one hand, to provide support in matters relating to legal, financial, emotional and medical guidance, and, on the other, to encourage a balance in professional, personal and family life by providing free access to a platform that offers help for families and homes.

CEPSA has also signed an undertaking with the Spanish Ministry of Health, Social Services and Equality to support actions that raise awareness on gender violence and abuse.

Focused Overview

CEPSA on Social Media

CEPSA is fully aware of the opportunities that social networks can offer and believes in the importance of being where people are, whether they are customers, partners, suppliers or, of course, employees, so as to listen to them and engage in a dialogue that will enable it to improve every day.

CEPSA has seen in these tools the opportunity to achieve its business, communication and brand objectives. It is for this reason that, since May 2013, CEPSA has been present on the social media with three profiles:

1. CEPSA Sports: operating on Facebook, Twitter, Flickr and Instagram. With these profiles, CEPSA reaches different user communities interested in the motor vehicle sector and in CEPSA's sponsorships.
2. CEPSA Spain: operating on Facebook and Twitter. Here, CEPSA carries out commercial communications aimed towards reaching its business goals and keeping in touch with current or potential customers.
3. CEPSA Corporate: operating on Facebook, Twitter, LinkedIn and YouTube. On this profile, CEPSA publishes relevant information of interest regarding the Company and its national and international activity.

CEPSA strives to strictly respect the principles and rights of workers, as well as to support human rights.

RESPECTING WORKERS' RIGHTS

CEPSA is committed to the Declaration on Fundamental Principles and Rights at Work by the International Labour Organisation (ILO) and to the Universal Declaration on Human Rights.

The Group therefore strives to ensure strict compliance with the principles and rights of workers: the right to form trade unions and collective bargaining, the eradication of forced or obligatory labour, the abolition of child labour and the fight against discrimination. It is also committed to respecting Human Rights.

To support such commitments, in 2013, the Company worked on developing a new policy to eliminate child labour, which includes specifications that ban the hiring of minors by the Group or its suppliers.

The new procedure also responds to CEPSA's needs in this respect by ensuring that the position of HR in the Company encourages respect, promotion and development of non-discrimination principles, equal opportunities and eradication of child labour, all in line with the provisions of points 5 and 6 of the United Nations' Global Compact.

Thus, more than 95% of the Group's entire workforce is protected by collective bargaining agreements, and 90.51% have union representation.

The Company is committed to transparency and integrity in complying with current legal regulations, in all countries and activities, and it reports to its suppliers, customers and contractors on both issues.

HEALTH AND SAFETY

Managing Health and Safety

Safety is an absolute priority in CEPSA's management. Therefore, the Company has clearly defined occupational and industrial risk prevention policies and has established initiatives and actions for them to be implemented throughout the Organisation.

In this sense, the Company has also developed an Occupational Health and Safety Policy based on the Basic Standards for Occupational and Industrial Risk Prevention. Both policies are paramount in the Occupational Health and Safety Management System and are proof of the Company's commitment to the health and safety of individuals and to safety in the facilities used in daily operations.

CEPSA's Code of Ethics and Conduct also specifically encompasses these standards and encourages employees to guarantee safety, take special care to abide by occupational health and safety regulations and thus prevent and minimise the number of accidents in the workplace.

Commitment to Health and Safety in the workplace

CEPSA works hard to ensure that safety is broadly integrated in all of the Company's business units, to which end it has established a series of ongoing training programmes and permanent access to information for all parties involved, both inside and outside the company.

In 2013, 73,899 hours of training were given with the aim of monitoring hazards in factories, responding in the event of an emergency or eliminating any kind of activity that does not fully respect the established safety protocols.

Additionally, CEPSA has a programme for "visible leadership and zero tolerance of unsafe actions" that is aimed towards getting Group managers involved in this field and setting an example. The programme envisages the following actions:

- Active involvement in investigating accidents and their causes, and defining and implementing corrective measures.
- Performing Preventive Safety Observations (PSO), aiming to beat the 13,300 made in 2013.
- Checking the efficacy of safety communications all the way through to operator level.
- Becoming involved in the granting or withdrawal of permits for field work.
- Encouraging incident reporting to ensure that the most important incidents are brought to the surface.
- Regular safety meetings.

The Company devotes great care and commitment to health and safety, which is reflected in the fact that no serious accidents occurred during 2013. This places CEPSA above the average for companies in the sector.

Accident and Absenteeism Rate[1] in Company Employees

	2013	2012	2011
NUMBER OF LOST WORKDAY ACCIDENTS[2]	**56**	56	66
FREQUENCY RATE OF LOST WORKDAY ACCIDENTS[3]	**2.61**	2.64	3.07
ACCIDENT SEVERITY RATE[4]	**0.09**	0.09	0.09
ABSENTEEISM RATE DUE TO COMMON ILLNESS (%)[5]	**1.53**	1.55	2.50
OVERALL ABSENTEEISM RATE (%)[6]	**2.47**	2.53	3.92

Notes on indicator definitions:

[1] These data on absenteeism refer to companies based in Spain.
[2] Accidents causing temporary or permanent disability or death.
[3] Number of lost workday accidents per million hours worked (own staff).
[4] Number of calendar days lost due to accidents per thousand hours worked.
[5] Number of hours of absence due to common illness within the theoretical annual working hours.
[6] Number of hours of absence due to any reason within the theoretical annual working hours.

Accident Frequency Rate (Company Employees) by Business Area

	2013	2012	2011
EXPLORATION AND PRODUCTION	**0.59**	0.55	1.18
REFINING AND MARKETING	**3.04**	2.97	3.41
PETROCHEMICALS	**1.30**	1.37	1.80

CEPSA works hard to see that a culture of safety is broadly implemented throughout all its business units.

PRODUCT SAFETY: PRODUCT STEWARDSHIP AND REACH

Product Stewardship is another of CEPSA's key commitments, based on responsible and ethical management of a given chemical product. This covers aspects as important as health, safety and the environment. It also involves financial and technical aspects which, together, allow us to guarantee quality for our customers.

This way, by using the information provided by the Company, the client becomes responsible for understanding the risks that the products sold entail, therefore guaranteeing that they will be used carefully. CEPSA issues safety data sheets practically for its entire range of products, although this is only legally mandatory for products classified as hazardous.

In compliance with the single integrated system governing the registration, evaluation and authorisation of chemical substances (REACH) and their free circulation on the European internal market, as part of the European regulatory framework for chemical substances, CEPSA registers all substances manufactured, imported or sold weighing over one ton, with the aim of assessing the risks they entail and estimating the impact they could have on people's health and the environment.

Furthermore, in 2013, the Company increased its specific training in the fields that involve product management so as to inform all employees working throughout the supply chain of the current regulatory framework.

In 2013, CEPSA had a total of 160 registered chemical substances.

CLASSIFICATION AND LABELLING OF PRODUCTS

The United Nations' Globally Harmonised System (GHS) has the aim of standardising all information relating to the danger posed by certain chemicals. By means of Regulation 1272/2008 on Classification, Labelling and Packaging (CLP), the GHS defines a framework to classify, label and package these chemicals, which has favoured the internationalisation of our products thanks to our strict adherence to this regulation.

Although this regulation only applies to chemical substances, as from 2015, it will also cover mixtures, which is why CEPSA has taken a step ahead and is currently classifying and labelling mixtures as specified by the CLP Regulation, whereby Safety Data Sheets and labels will include the required details on danger classes and categories, warnings, and hazard and precautionary statements.

As of 2013 CEPSA has a total of 160 substances registered.

Focused Overview

Project for the Electronic Control of Documentation prior to Access by Service Companies

In 2013 CEPSA finalised a project that had started two years earlier, the purpose of which was to have a procedure for controlling access by outside workers, common to all centres and geared to establishing single access criteria for the factories and offices CEPSA has in Spain, optimising efforts to manage and supervise the documentation required of companies, employees and vehicles.

Once the access requirements had been unified, and in order to strengthen entrepreneurial vigilance before starting the work, in Refining and Petrochemicals we established a platform that acts as the point of contact with contractors for obtaining documentation, depending on the risks involved in the work to be done. This platform is also used to process, scan and store all documentation received from the company, contractor and employee.

One noteworthy feature is that the application is connected with the access control of our facilities (Refining and Petrochemicals), so as to prevent access by employees that do not meet the established requirements, e.g. because one of the necessary documents has expired, be it at company, contract/order or employee level. In this way we have also succeeded in automating the control over who accesses our centres and their open works. The whole project was the result of teamwork between CEPSA and its service companies to improve coordination of common activities.

Customers

Quality products and services and customer satisfaction are the cornerstones of CEPSA's commercial relationships.

THE CUSTOMER: OUR MAIN OBJECTIVE

In recent years, our customer care strategy has been based on building loyalty, on meeting delivery deadlines and on dealing with claims suitably.

Bearing in mind the significant turn in the financial scenario, the pressure of high supply and low demand and changes in consumer habits, CEPSA has felt that the need to work hard on its customer attraction and retention strategies is stronger than ever.

More than 750,000 customers visit our outlets every day, with a loyalty rate of 50%.

CUSTOMER ORIENTATION AND SATISFACTION

The network of CEPSA service stations is comprised of over 1,800 points of sale in Spain, Portugal, Andorra and Gibraltar. In recent years, these facilities have gradually transformed to become "service shopping centres", offering a wide array of services that go beyond merely providing fuel, such as the more than 800 DEPASO and Mini Stop convenience stores all over Spain.

Over 750,000 customers come to our outlets every day and our customer loyalty levels stand at 50%. That's why it is so important for the Company to offer an excellent and broad range of products and services, as these are the key tools to remain competitive and cater for our customers' needs and expectations.

Requests for information and customer claims reach us through the Customer Care Service. All claims are duly dealt with and analysed in order to respond to the customer and take on any appropriate corrective measures.

The Company has a number of initiatives underway with the aim of measuring and improving customer satisfaction to ensure that the quality of our products meets their requirements. We might highlight:

- Audit programmes that seek to build and reinforce customer loyalty at service stations. These programmes consist of an initial assessment of the general state of service stations, identifying room for improvement and observing the degree of compliance with the improvement measures suggested. In 2013, over 353 audits were conducted and, as a result, over 3,500 improvement measures were proposed.

- Developing the How Are You? project based on quality appraisals carried out by mystery shoppers. This has enabled the company to obtain information from over 2,400 customers at over 1,400 service stations regarding different aspects such as friendliness when dealing with customers, station cleanliness, speed of service and so on.
- Developing the Customer Voice system, which allows customers to express their most frequent concerns and requests, stating the area in question and the causes behind them, which allows the Company to establish specific improvement measures. As a result of this project, in 2013, more than 1,000 requests were received and dealt with.
- Conducting customer satisfaction surveys on end users regarding their opinion of our Customer Care Service. Global satisfaction levels in 2013, once again, showed an outcome of "very satisfactory".
- Organising the fourth edition of the Prized Ideas contest, where employees from the different service stations belonging to the CEPSA network can share their ideas to improve the conditions of the facilities in different aspects, such as safety, cleanliness, environmental impact, procedures, etc. These ideas will later be transmitted to the rest of the network after applying best practices.

With the aim of keeping customers informed of our improvement measures and the ideas implemented at our various service stations in the CEPSA network, the Company regularly publishes its ***Redacción*** magazine, which contains interesting information and can be found at our points of sale.

COMMITMENT TO QUALITY

As part of our commitment to improving product quality, we also work on obtaining new certifications such as the updated ISO standard 9001 in the field of aviation fuel, ISO standard 14001 for our marine fuel, audited by Lloyd's Register Quality Assistance, and the extension to the EC certificate on modified asphalt for our activity in Portugal.

CEPSA periodically publishes the magazine Redacción, to provide information on improvement actions undertaken at its service stations.

SAFETY IN PRODUCTS AND SERVICES

Responsible use of products means they have to be dealt with in an ethical and responsible manner, and so the Product Stewardship concept is applied throughout their entire life cycle. The key aspects considered when dealing with and using chemicals are safety, protection of health and care for the environment.

With this in mind, CEPSA carries out activities such as assessing physical-chemical dangers and classifying service stations according to environmental risks. If a risk is detected, the facility will proceed to be decontaminated.

Warnings are also duly included in product sheets (product labels and *tremcards*) and the risks involved in new substances or uses are constantly evaluated. All relevant information relating to the product is available to the customer, including distribution, applicable legislation and how to use it safely.

COMMERCIAL COMMUNICATIONS AND DATA PROTECTION

CEPSA is a member of the Association for the Self-regulation of Commercial Communication (Autocontrol), and an associate of the *European Advertising Standards Alliance*. The members of Autocontrol undertake to conduct their commercial communications responsibly and to contribute to the strengthening of advertising self-regulation as a way of safeguarding the rights of consumers and competitors. It also forms part of ***Confianza*** ("Trust") an integrated system of self-regulation for interactive advertising and electronic commerce to consumers, organised by FECEMD (***Federación de Comercio Electrónico y Marketing Directo*** or Electronic Commerce and Direct Marketing Federation), AECE (***Asociación Española de Comercio Electrónico*** or Spanish Association for Electronic Commerce), Autocontrol and the AEA (***Asociación Española de Anunciantes*** or Spanish Association of Advertisers).

CEPSA adopts the security measures legally required for the management of personal information provided by users (customers, suppliers, employees and candidates) and for the protection of personal data.

Suppliers

CEPSA has promoted communication with its suppliers, transparency in selection and contracting and responsible supply chain management.

Building a framework of trust and cooperation between the Group and its suppliers and the pursuit of long-term relationships continue to form two of the basic pillars of the Company's value generation.

In line with this, in 2013 CEPSA strengthened the purchasing function by creating a unit with responsibility for supplier development and the establishment of strategic alliances, as well as for approving a new purchasing and procurement policy governing relations with suppliers.

During this past year we have promoted communication with suppliers, transparency in selection and contracting and responsible supply chain management. As part of this, CEPSA has established a channel of communication to manage information on complaints, whistle-blowing or any other matters of interest to suppliers (canaldedenuncias@cepsa.com), and it is working on the preparation of a Supplier Code of Ethics, which will be included in CEPSA's General Conditions for the Procurement of Goods and Services.

A corporate mailbox has also been set up to encourage communication and dialogue with suppliers: desarrollo.proveedores@cepsa.com.

CEPSA requires new suppliers to adopt the same values that we require from our employees: leadership, solidarity, continuous improvement and sustainability. The aim is to ensure that our suppliers' objectives are aligned with those of the Company.

CEPSA has established a corporate mailbox to encourage communication and dialogue with its suppliers.

Transactions with Suppliers in Respect of Expenses Recognised in the Profit and Loss Statement

Millions of euros

	2013	2012	2011
PROCUREMENT	21,365	22,599	21,095
TRANSPORT AND FREIGHT	335	319	354
LABOUR, SUPPLIES AND EXTERNAL SERVICES	1,503	1,524	1,390
ENVIRONMENTAL EXPENSES	14	14	12
OTHER OPERATING EXPENSES	123	142	158
FINANCIAL EXPENSES*	17	17	22
TOTAL	**23,357**	**24,615**	**23,031**

* *Financial costs of net borrowings, i.e. not including financial income and expense of an operating nature.*

Transactions with Suppliers in Respect of Investments Made

Millions of euros

	2013	2012	2011
EXPLORATION AND PRODUCTION	386	247	429
REFINING AND MARKETING	187	371	214
PETROCHEMICALS	184	86	53
TECHNOLOGY, GAS AND COGENERATION	159	23	38
CORPORATION	11	7	8
TOTAL	**926**	**734**	**742**

SUPPLIER MANAGEMENT

Given the size of the Group's suppliers portfolio, it needs to have standardised selection processes promoting equal opportunities and preventing preferential treatment.

The Supplier Evaluation and Approval System ensures maximum objectivity in selection and optimum quality of products and services, as well as managing the prevention of occupational hazards and environmental protection throughout the whole length of the value chain. This System is conditional upon the supplier's prior acceptance of CEPSA's General Conditions for the Purchasing of Goods and the Procurement of Services.

Furthermore, the Company has a new purchasing and procurement policy which governs relations with suppliers, and it is developing an operating manual to effectively implement the stipulations of this policy throughout the Group.

In the decision-making process, the evaluation of both financial and technical aspects, as well as suppliers' performance on precious contracts, is fundamental. We also evaluate compliance with currently applicable laws and standards such as ISO quality and environmental certifications and OHSAS safety certifications, as well as CEPSA's own quality standards.

PURCHASING AND PROCUREMENT

During 2013 we made advances in the use of new IT tools in support of purchasing processes, improving transparency and tightening monitoring of contractual obligations.

One of these tools, which has become increasingly important year after year through CEPSA's website, is the SRM application, located in the specific space reserved for suppliers, which supports purchasing processes through two different approaches: Self-invoicing and Auctions and Tenders. Another tool to highlight in 2013 is the *Business Intelligence* data collection and storage system created for the Purchasing function.

Trends in Domestic Purchasing and Procurement in Spain*

During 2013 the Company bought goods and services in Spain worth €579 million, seeking to purchase from domestic suppliers as part of its efforts to benefit the communities in which it operates.

In this way, CEPSA increased the efficiency and competence of the suppliers where it carries out its activity so that they can explore new and previously inaccessible markets and thus take part in new competitive bidding processes.

* *Not including purchases of crude oil or raw materials.*

Millions of euros

	2013	2012	2011
PURCHASES MADE IN SPAIN	**579**	531	586
% OF TOTAL PURCHASES MADE IN SPAIN	**75%**	69%	42%

CEPSA has a new purchasing and procurement policy which governs relations with its suppliers.

Focused Overview

Supplier Perception Study

In 2013 CEPSA established a new strategy of communication with suppliers, whereby we aim to ascertain and analyse their perception of the purchasing function. To do so we conducted a satisfaction survey, drawing up a questionnaire that was completed by suppliers representing 80% of CEPSA's total purchasing, based on a pre-selection that was subsequently validated with the Company's various specialist purchasing units.

Furthermore, CEPSA intends to define and plan new lines of action for this purchasing model, by launching new communication campaigns aimed at suppliers.

Social Environment

The strategy for relations with our social environment is based on the one hand on managing relations with and impacts on the communities with which we interact, and on the other on promotion of and support for social initiatives.

COMMUNITY RELATIONS

Establishing collaborative and mutually beneficial relations with the social environment is a fundamental aspect of the Company's management, since we see it as ensuring the generation of value in the short, medium and long term. Proof of this can be seen in the existence of specific policies for managing relations with communities and of dialogue processes for identifying needs of a social nature which the Company endeavours to meet by means of sponsorships, corporate volunteer work, collaboration with charity organisations and donations to social projects.

In this way CEPSA contributes to the economic and social development of the communities in which it operates, by carrying out support activities aligned with its business strategy.

We are convinced that understanding with the community is crucial for the viability of all our projects, and for this reason, from the very first stage of each project, we have used all the resources within our reach to build relationships based on trust that benefit both parties. An example of this can be seen in the Caracara Meetings carried out with the local community in Colombia, aimed at creating formal, permanent spaces for integration and communication with the various stakeholder groups in an atmosphere of open, transparent dialogue that contributes towards improving relations between the community and the Company.

Investments in Corporate Responsibility Initiatives in 2013

Thousands of euros

COMMUNITY DEVELOPMENT	1,959
PROMOTING CULTURE AND EDUCATION.	997
RAISING ENVIRONMENTAL AWARENESS.	196
PROMOTION OF SPORT	454
SOCIAL ORIENTATION SERVICES*	268
TOTAL	**3,875**

* *CEPSA considers its employees as one of its stakeholder groups in the communities in which it operates.*

IDENTIFYING AND MANAGING IMPACTS

CEPSA is faced with legal, social, economic and environmental situations that each have different, specific features in the various countries in which it operates. The Company must therefore ensure that it carries out its activities responsibly, applying the principles laid down in the Code of Ethics and Conduct and taking account of the operating context so as to adapt to the differing circumstances and groups.

Furthermore, CEPSA takes account of its stakeholders' opinions with a view not only to maximising the positive impacts but also to minimising the possible adverse effects of the activities it carries out. The Company has tools for dialogue, as well as policies and procedures for identifying, preventing and minimising possible impacts on the environment.

In this regard, environmental and social impact studies are fundamental items in these processes. In the area of Exploration and Production, before embarking on a project, the Company identifies the stakeholder groups involved and carries out initial diagnostics to define sensitive areas in the social, legal and environmental contexts. Similarly, the needs of the communities living near the facilities are identified and assessed, and steps are taken to ensure the participation of all groups concerned.

As regards the industrial activity, the facilities are in areas close to urban settlements, so the Company maintains close relations with its neighbours and has well-established and appropriate channels of communication, among which we would highlight:

- Participation in community committees for dealing with matters relating to industrial and occupational safety, environmental protection, corporate responsibility and community relations.
- Holding open house days to bring our production centres closer to society.
- Public consultations for the approval of specific projects.

The Company carries out its activities in a responsible manner, applying the principles laid down in the Code of Ethics and Conduct.

Social Action

CEPSA believes that in order to strengthen its commitment to society and to manage its impacts positively, it is necessary to invest in actions designed to meet the needs and priorities of the communities and populations among which it operates. Such social action activities must address the problems identified in the countries in which we operate, while at the same time contributing to the attainment of the Company's strategic objectives and involving its employees.

Corporate volunteer work is one of the Group's most important lines of action in the field of Corporate Responsibility, as a formula for contributing to the improvement of our environment and promoting values of solidarity among the Company's employees. In 2013, more than 100 CEPSA employees took part in various corporate volunteer work actions such as those carried out to help clean up beaches, those organised with a number of different groups in vulnerable situations and others aimed at integrating persons with disabilities by means of sports activities.

CEPSA maintains an ongoing dialogue with the communities, seeking to identify social needs, which it endeavours to meet by means of patronage, corporate volunteer work, charitable collaborations and donations to social projects, through four specific lines of action:

- ***Promoting community development***
- ***Raising environmental awareness***
- ***Spreading culture and education***
- ***Promoting locally based sports***

Developing Communities

This line of action focuses on projects in support of the groups that are most in need, its priority objective being to improve the living conditions of the members of the community in which we operate. In implementing it, CEPSA collaborates with specialised organisations that promote actions in the fields of health, education and development. Notable initiatives carried out in 2013 included:

- The 2013 CEPSA Awards for Social Value, an initiative to encourage and provide financial support for social projects sponsored by employees aimed at improving the inclusion and welfare of underprivileged groups. In 2013 €205,000 were distributed among the 23 solidarity projects selected in the six regions covered by the scheme: Campo de Gibraltar, Canary Islands, Colombia, Huelva, Madrid and Portugal. Since CEPSA launched these Awards in 2005, the Company has helped develop a total of 135 projects.
- Participation in the III International Corporate Volunteering Week, a solidarity initiative carried out by 19 countries. In 2013, 19 volunteers from Madrid took part, focusing on helping the people suffering most from the effects of the crisis and children at risk of social exclusion.
- Support from CEPSA for the *Andalusia Digital Commitment* initiative promoted by the Council for Economy, Innovation, Science and Business of the Andalusian regional government, with the aim of improving the local community's knowledge of information technology through working sessions and awareness workshops about on-line job-seeking, social networks and e-commerce, among other subjects. The Company also donated computer equipment to various non-profit organisations associated with this initiative.

- Contribution to the Food Bank, by means of a donation of 4,650 kilos of non-perishable foodstuffs by the employees of the main centres in Spain, in which also for each kilo contributed CEPSA donated another kilo, and cooperation with the "Great Madrid Food Collection" campaign by donating 660 litres of fuel to help with the transport of goods.

- Cooperation on the Tele-marathon run by Canary Islands local channel Mírame TV for the collection of food for the Red Cross and the Tenerife Food Bank, for distribution among the island's most underprivileged groups.

- *Promotion of various awareness projects aimed at combating gender violence: during 2013 the Company renewed its commitment to the "Companies for a society free of gender violence", initiative promoted by the Ministry of Health, Social Services and Equality, of which initiative CEPSA has formed part since 2007.*

- *Implementation of the "Children and young people building dreams" project aimed at children and young people of the Municipality of Puerto Gaitán, Colombia, contributing to their psychosocial and intellectual development by means of games and educational activities.*

- Participation in the project "Improving the quality of water for human consumption in rural populations in the Peruvian rain-forest", with the aim of improving accessibility to sources of clean drinking water for rural populations in the Peruvian rain-forest.

CEPSA supports programmes that promote the conservation and rehabilitation of the natural heritage, respect for the natural environment and the creation of new, more sustainable action models. Notable initiatives carried out in 2013 included:

- Implementation of the GAP Responsible Consumption Programme, a project to raise environmental awareness and promote responsible consumption aimed at the Company's employees in Spain, Portugal, Brazil, Colombia, Panama and Peru. Estimated results after completion of the programme show the following reductions:
  - 5.1% in the group's annual energy consumption, equivalent to 71 tonnes of CO_2.
  - 3.6% in the Group's annual water consumption, equivalent to a saving of 1.88 million litres of water.
  - 3% in the production of domestic waste, equivalent to an annual saving of 14.85 tonnes of waste.
  - 1.3% savings in the field of mobility, equivalent to 16 tonnes of CO_2.

- Training on environmental matters for the contact group of the Municipality of Puerto Gaitán, Colombia, aimed at providing them with appropriate knowledge of the management of environmental issues and respect for and care of the environment.

- Work to recondition the municipal abattoir of Aguazul in the Department of Casanare, Colombia, aimed at ensuring safety and conservation of the environment by improving the cattle slaughtering process and strengthening the region's agriculture and livestock sector.

- Environmental programme in the "Dunas del Odiel" botanical gardens, with the aim of bringing this space, which forms part of the Odiel Marshes Biosphere Reserve, closer to the citizens of the province of Huelva as a place for leisure activities, learning and environmental research.

- "Young people and the environment", a programme aimed at 185 high school students in Moguer, Huelva province, aimed at raising these young people's awareness of the importance of the environment in our way of life, promoting motivation, involvement and cooperation in improving the environment of the town of Moguer and encouraging them to undertake alternative leisure activities relating to the environment.

- Carrying out a study of bats in the Laguna Primera de Palos to obtain information on the species, identify the factors behind their presence, ascertain the seasonal and year-on-year trends and contribute to improving understanding of the biology and distribution of the populations on a regional scale, thus contributing to the conservation of these mammals, which are of great importance for the environment.

- Support for Brazil's sea turtle conservation programme, with the aim of protecting the five species of sea turtle that inhabit Brazil.

- Conduct of an environmental education and awareness campaign on the use of water in Brazil on the occasion of World Water Day.

- Collaboration with the Town Hall of Santa Cruz de Tenerife and with the Ataretaco Foundation for the launch of a campaign to recycle used oil, which involved installing 120 collection containers for used vegetable oil, distributed among the city's five districts. The Tenerife refinery placed a collection container for used vegetable oil so that all employees would be fully aware that they could help recycle this waste.

- Participation by CEPSA employees in a corporate volunteer campaign of the local government's Environmental Volunteering office consisting of clearing up waste on the coast of Almáciga, Santa Cruz de Tenerife and setting free two shearwater chicks that had been looked after in the "La Tahonilla" Wildlife Recuperation Centre.

- CEPSA continues to sponsor the "Aula del Mar" (Marine Classroom) of the Loro Parque zoo in Tenerife, a multimedia auditorium for environmental education and awareness-raising for schoolchildren installed in this iconic space.

- Collaboration on awareness-raising activities in the field of fire prevention in Portugal by means of television campaigns and social media.

- Participation in World Energy Day, World Environment Day and European Mobility Week, via the preparation and dissemination of educational material and awareness actions for customers of service stations in Portugal.

Promoting Culture and Education

Educational and cultural activities continue to constitute one of CEPSA's main lines of action in the framework of its commitment to society. We are committed to the promotion and conservation of popular customs, culture and historic heritage. Actions carried out in 2013 include:

- Execution of the civic-artistic programme "Sumérgete en Santa Cruz" ("Immerse yourself in Santa Cruz"), which by means of a large mural surrounding much of the walls of the Tenerife Refinery, seeks to give an artistic representation of social values and encourage their creative expression, as well as improving the approaches to the city aesthetically to provide a better welcome to the island's capital. For this we were able to count on the special collaboration of the artist Iker Muro.

- Implementation of the "Canary Islands Drive Safely" initiative aimed at raising awareness among young people about road safety. In 2013 we gave 49 talks to more than 2,500 children and young people in the islands.

- Sponsorship of the 29th Canaries Music Festival, organised by the Canary Islands Government, featuring nearly 40 concerts in the islands' two main auditoriums (Tenerife and Las Palmas de Gran Canaria), as well as concerts at other venues on the islands. This consolidated the Festival as Europe's leading winter symphonic event.

- Collaboration in TeMudas Fest, an urban festival of theatre, music, dance and art that has been held every year for the past 17 years in the Canary Islands capital, previously known as the International Festival of Theatre, Music and Dance. The Company also sponsored one of the concerts held as part of this Festival and the creation of two murals in the urban art contest held by the Municipality of Las Palmas de Gran Canaria.

- Collaboration in research, cataloguing and subsequent publication of a book of photographs of the early years of the twentieth century "The Huelva of Thomas and Roisin", showing the best-known locations of Huelva. Sales proceeds were donated to Cáritas.

- "Musical Instruments" project aimed at promoting values among the young people and families of Puerto Gaitán, Colombia through music and by developing artistic skills.

- "Construction of Artisans' Stand" project in Puerto Gaitán, Colombia, providing a physical space for artisans from the Wacoyo Indigenous Reserve to work and sell their products.

- Support for the cultural centre of the Municipality of Tauramena, in the Department of Casanare, Colombia, aimed at improving its resources and strengthening the promotion of culture in the town.

- Project for the "Extension and improvement of educational services in rural populated areas of the Peruvian rain-forest" by improving the existing educational infrastructure and providing the teaching and administrative areas with better equipment.

- Cultural actions in collaboration with the Spanish Embassy and the Instituto Cervantes in support of the promotion of Spanish culture in Algeria.

- Educational incentive programme aimed at teachers, students and staff of schools in the towns of Camaçari and Dias d'Ávila, Brazil, to collaborate on improving these groups' teaching and learning processes through pedagogic, cultural and socio-educational activities.

- Continuation of the "Building the future" programme started in Brazil in 2011, whereby CEPSA collaborates in delivering informative sessions on technical degree courses to students from different schools of the cities of Camaçari and Dias d'Ávila, Brazil, who are interested in working in our sector.

- Collaboration with the Portuguese Youth Symphony Orchestra for the performance of free concerts for young children.

- Support for the festival of Our Lady of Matosinhos, Portugal, by means of various game-based and cultural initiatives for the people of the region.

- Various socio-educational and cultural activities directed at children and young people from schools in Montreal, Canada, to encourage them to complete their schooling through to adulthood.

- Agreement with the Tejerina Foundation for specific training on breast pathology, aimed at the Group's healthcare personnel, as well as informative talks for the remainder of the employees.

Apart from this, in line with its commitment to bringing the professional and academic worlds closer together, CEPSA has established collaboration spaces with various universities and schools by means of "CEPSA Chairs", which develop research projects in the fields of environment and industry, as well as carry out training programmes:

- In 2009 the CEPSA Chair at the School of Engineering of the University of Seville started developing activities in support of training for students and technical studies on improving the environment and the sustainability of production processes. In 2013 the second edition of the Oil Refining Course was delivered to final year students by technicians from CEPSA's refineries. Also, this past year saw a repeat of the programme of scholarships for postgraduate studies at the French Petroleum Institute and the Institute of Petroleum Engineering of the Heriot-Watt University, Edinburgh; the XI Convention on Engineering and Employment (ESIEM 2013) was held and once again applications were invited for summer scholarships for internships at CEPSA production centres

- The CEPSA Chair of the University of Cádiz took part in organising various expert university courses for postgraduate students on subjects such as petroleum refining and maintenance. It also delivered courses in collaboration with other universities, such as those of Seville and Huelva, and with organisations such as the Doñana 21 Foundation and the Technological Campus Foundation. Furthermore, a group of students gained practical work experience in the Gibraltar-San Roque refinery and the 2013 CEPSA UCA Chair Award for Innovation was presented for projects on subjects relating to energy, petroleum and the environment.

- During this past year the University of Huelva Chair carried out in-depth work on corporate social responsibility projects. Among the most notable initiatives of 2013 were the "Humanistic training course for CEPSA university scholars" and the "Environmental programme in the 'Dunas del Odiel' botanical gardens". Also in 2013 the "Sapere Aude" ("dare to be wise") awards were presented to recognise the efforts made by one student from each of the nine schools of the University and the 'Students 10C' awards to encourage and acknowledge the dedication and talent of the University's students. In 2013, 19 students received these awards.

- During 2013 the Chair of the School of Mining Engineering of the Technical University of Madrid (UPM) held several seminars on "Introduction to hydrocarbon exploration and production", "Lubrication and lubricants" and on training on IT tools for hydrocarbon exploration. Awards were also made to outstanding students for their final projects relating to the Company's activity.

Promoting Sport

CEPSA believes that sport is a means of integrating youngsters into society and promoting values such as effort, teamwork, solidarity and fair play. It therefore supports activities designed to promote sports through local clubs and sports schools in its areas of influence and the construction of sports facilities in local communities.

The following are some of the more noteworthy initiatives for the promotion of sports carried out in 2013:

- The "CEPSA-Palos" half-marathon, the "CEPSA-Moguer" bicycle route through the mountains and a football tournament for five- to eight-year-olds aimed at encouraging amateur and non-competitive sports, as well as raising awareness among the population of Huelva about the importance of solidarity in sport and of teaching values.

- Carrying out projects to improve and recondition sports facilities in various Colombian municipalities such as Puerto Gaitán, Aguazul, etc. with a view to promoting sports and generating spaces for recreation and for integrating communities.

- Support for the Santa Cruz Basketball Club by means of various initiatives such as sponsoring the CEPSA-Santa Cruz Basketball League and holding the "Minibasket Campus". Thanks to this support, the Basketball Club now has ten schools in Santa Cruz dedicated to promoting this sport among children.

- Collaboration with the Real Unión children's football school of Tenerife aimed at supporting children's sport and promoting its values, as well as healthy lifestyle habits among the very youngest members of society.

- Support for the CEPSA-Campitos Canarian Wrestling Club with the aim of preserving this sport, which is one of the main identifying features of Canary Islands culture.

- Sponsorship of the Montreal Rugby Club, to which a large number of CEPSA employees belong.

The Natural Environment

Protection of the natural environment, minimisation of environmental impacts resulting from the Company's activities and compliance with environmental legislation and standards form the basis of our responsible environmental management.

ENVIRONMENTAL POLICY AND MANAGEMENT

The protection of the environment in which CEPSA carries out its activities, and compliance with all applicable legal environmental requirements, are fundamental objectives of the Company, and they are reflected in all its action policies in this field.

In this regard, CEPSA has basic environmental and biodiversity standards and an environmental management system with general procedures applicable to all units and production centres, enabling its environmental commitment to find uniform expression throughout the Company.

To monitor compliance with standards and to identify areas needing improvement, the Company periodically evaluates its environmental management system by means of internal and external audits, with a view to implementing preventive and corrective measures and assigning the necessary resources to optimise it.

To Prevent, Minimise and Remedy Environmental Impacts

Atmosphere

We use the best available techniques to obtain optimum energy efficiency in operational processes, which also translates into reduced fuel consumption in industrial processes, or their replacement with other less pollutant fuels, and the reduction of atmospheric emissions.

Discharges into Water

All our facilities have industrial effluent treatment plants, and strict controls are applied to discharges into water, appreciably reducing the impact on the water itself.

Soil / Groundwater

Our facilities have piezometric control networks which enable us to check, at all times, the state of the soil and groundwater, and to act swiftly if pollution is detected due to a possible incident.

Waste

We apply a preventive policy to the production of waste, promoting its minimisation, reuse, recycling and recovery, with a view to protecting the environment and people's health.

Marine Pollution

Compliance with the Internal Contingency Plans for cases of Accidental Marine Pollution and the internal procedures for preventing pollution. Implementation of actions to improve the operational effectiveness of the Terminals, Maritime Facilities and Bunker operations. The search for new technologies that can be applied in the areas of early detection and in the fight against marine pollution.

KEY ENVIRONMENTAL INDICATORS BY AREA OF ACTIVITY

Consumption of Raw Materials and Energy

While consumption in absolute terms must of course be taken into account, the energy efficiency ratio is considered even more significant since it links changes in energy consumption to the volume of activity. To calculate the energy efficiency in the Refining processes, the volume of crude processed is used as a reference, while for Petrochemicals the production that took place in the plant is used. In the Refining area, the energy efficiency ratio improved by 3% in 2013 compared with 2012, while for Petrochemicals the ratio increased slightly.

CEPSA evaluates its environmental management system by means of internal and external audits.

Consumption of Raw Materials

Thousands of tonnes

	2013	2012	2011
REFINING	23,074	24,801	22,770
PETROCHEMICALS	4,030	4,149	3,995
TOTAL	**27,104**	**28,950**	**26,765**

Direct and Indirect Energy Consumption

Thousands of gigajoules

	2013	2012	2011
FUEL GAS AND FUEL OIL	46,795	49,518	47,336
NATURAL GAS	39,403	46,528	47,205
COKE, KEROSENE, DIESEL OIL	8,106	8,844	11,129
DIRECT ENERGY	**94,304**	**104,890**	**105,670**
ELECTRICITY	8,113	8,355	8,281
INDIRECT ENERGY	**8,113**	**8,355**	**8,281**
TOTAL ENERGY CONSUMED	**102,417**	**113,245**	**113,951**

Energy Efficiency

	2013	2012	2011
REFINING (GIGAJOULE/TONNE TREATED)	**2.89**	2.99	3.08
PETROCHEMICALS (GIGAJOULE/TONNE PRODUCED)	**4.56**	4.44	4.69

Atmospheric Emissions

Significant efforts made by CEPSA year after year to improve energy efficiency are reflected in the emission indicators. Despite new production units coming on stream, the results obtained continue to show a falling trend, thanks to all the improvements and investments made.

The use of natural gas as the main fuel in the factories has enabled us to reduce the emissions of the Petrochemicals area to a minimum.

The actions taken to reduce greenhouse gas (CO_2) emissions are described in more detail later in this report.

Water Management

CEPSA consumes significant volumes of water in its refining and petrochemical operations and facilities. Although neither the Company nor its operating environment have suffered water shortage problems at any of its facilities, in view of the importance of this resource the Group has included the management and efficient use of water in its policy on the environment and contributing to sustainable development.

CEPSA controls the volume and quality of the waste discharge resulting from its production processes, ensuring that they more than sufficiently comply, with all applicable legislation and standards. This control is also carried out in the liquid effluent treatment plants, to ensure that none of the parameters exceeds the established limits.

SO_2 Emissions

	2013	2012	2011
REFINING (KG/TONNE TREATED)	**0.37**	0.43	0.48
PETROCHEMICALS (KG/TONNE PRODUCED)	**0.01**	0.01	0.03

NOx Emissions

	2013	2012	2011
REFINING (KG/TONNE TREATED)	**0.22**	0.22	0.23
PETROCHEMICALS (KG/TONNE PRODUCED)	**0.40**	0.40	0.45

Atmospheric Emissions

Tonnes

	2013	2012	2011
NOx	**7,146**	8,697*	11,923
SO_2	**9,193**	10,515*	11,062

* *The figures for 2012 have been restated to reflect the detection, after the 2012 Report had been produced, of changes in the volume of emissions in that year in the Exploration and Production activities.*

Volume of Water Consumed

Thousands of m³

	2013	2012	2011
EXPLORATION AND PRODUCTION	12,087	11,768	14,597
REFINING	12,662	13,633	14,832
PETROCHEMICALS	9,867	9,908	10,564
SALES AND MARKETING	1,420	1,584	1,596
N.G.S. AND RESEARCH CENTRE *	715	778	892
TOTAL	**36,751**	**37,671**	**42,481**

Volume of Waste

Thousands of m³

	2013	2012	2011
EXPLORATION AND PRODUCTION	152.5	76.3	102.3
REFINING	7,813.5	8,524.7	8,815.6
PETROCHEMICALS	5,366.2	5,807.6	6,273.4
SALES AND MARKETING	1,590.8	1,769.3	1,761.9
N.G.S. AND RESEARCH CENTRE*	133.3	136.3	195.4
TOTAL	**15,056.3**	**16,314.2**	**17,148.7**

* *Nueva Generadora del Sur (NGS) is a combined cycle power plant facility 50% held by CEPSA; and CEPSA's Research Centre.*

Environmental Control Parameters in Refining and Petrochemicals

Tonnes

	2013	2012	2011
REFINING			
TOTAL ORGANIC CARBON (TOC)	**217.16**	256.91	251.1
SUSPENDED SOLIDS	**179.40**	293.38	330.8
OILS AND GREASE	**32.66**	49.84	49.5
PETROCHEMICALS			
TOTAL ORGANIC CARBON (TOC)	**1,198.37**	1,226.83	1,122.9
SUSPENDED SOLIDS	**325.63**	599.29	665.7
OILS AND GREASE	**3.95**	3.67	8.3

Water Treatment

CEPSA performs the treatment of water in most of its production centres, which enables it to save on transport costs, to manage the treatment carried out on-site and to save water for certain processes.

Waste Management

CEPSA holds government authorisation as a waste-producer.

In accordance with legislation in force, CEPSA holds government authorisation as a producer of waste. Waste is separated, as soon as it is generated, depending on its composition and characteristics, before being sent to treatment or recycling plants or storage facilities, by means of an integrated management system. The removal of this waste is always carried out through authorised agents. Its recycling consists of using it to generate energy or as auxiliary material for other processes.

Waste Generated

Tonnes

	2013	2012	2011
HAZARDOUS WASTE	31,396	37,144	25,853
NON-HAZARDOUS WASTE*	34,737	32,027	50,985
TOTAL	**66,133**	**69,171**	**76,838**

*Non-hazardous construction/demolition waste.

It is worth highlighting that the amount of non-hazardous waste generated in 2013 increased with regard to the previous year because the figures from the Palos de la Frontera plant were included. CEPSA has decided that in the coming *reporting* years the figures for industrial and non-industrial waste will be segregated so as to improve the accuracy of the benchmarking and its transparency.

Spain is part of the International Convention for the Prevention of Pollution from Ships (MARPOL), an international agreement for the discharge of water containing hydrocarbons at sea terminals in order to prevent polluting the marine environment. Logistics terminals and CEPSA's refineries have treatment plants which receive ship waste -- some of which is generated by the Company itself (used industrial-grade oils) and other authorised waste managers. 74,733 tonnes of MARPOL waste (bilge water and oil waste from vessels) were treated in 2013.

Hazardous Waste by Volume of Activity

	2013	2012	2011
REFINING (KG/t OF TREATED CRUDE OIL)	**0.45**	0.49	0.53
PETROCHEMICALS (KG/t PRODUCED)	**5.80**	5.33	2.91

Marine Pollution

In 2013, environmental risk analyses were performed at the Tenerife and Las Palmas terminals and a general Marine Pollution drill was carried out in the Huelva Estuary. As required by Royal Decree 1695/2012, approving the National Marine Pollution Response System, all Domestic Maritime Plans (Planes Interiores Marítimos, or PIMs)of CEPSA's facilities have been submitted to the proper body for approval.

Spillage and Pollution Prevention

CEPSA has a series of regulations and procedures for preventing and managing accidental spillages in all its activities, particularly focusing on marine pollution, although other aspects such as soil pollution and clean-up are also addressed.

CEPSA's Marine Pollution Prevention Department continuously conducts research to prevent and manage this type of accidents.

Focused Overview

Marine Pollution Prevention

Year after year CEPSA has kept in place a programme of initiatives for marine pollution prevention. Some of its most successful projects include the Athenea Project, concerning the real-time forecasting of spills, operability under safe conditions and environmental risk analyses in marine facilities, and the development of an autonomous underwater vehicle for detecting leaks in underwater pipelines. In 2013 the Group started another three new projects:

- A project for the Determination of pollutants by means of fibre optics, which is subsidised by the Centre for Industrial and Technological Development (Centro para el Desarrollo Tecnológico e Industrial, or CDTI).
- A project for the Design and development of a system for pollution prevention and management during chemical loading/unloading, supply and handling operations in the maritime and port environments, which supplements the Athenea Project and enhances operating conditions at sea terminals.
- A project for the Development of an autonomous system at least comprising a vessel and a land control centre which enables a fast deployment of barriers and the early containment of spills around jetties.

These last two projects have been submitted for grants and subsidies from the Ministry of Economy and Competitiveness' RETOS-COLABORACIÓN 2014 programme.

ENVIRONMENTAL INVESTMENT AND SPENDING

In 2013 CEPSA continued its promotion of the same environmental investment and spending policy, which is mainly aimed at atmospheric emission reduction and water treatment. In 2013 environmental investment came to €12.55 million, 35.8% less than in 2012, and environmental spending amounted to €83.59 million.

The following stand out among CEPSA's environmental investments in 2013 (water, atmosphere, waste, soil and groundwater):

- Improving the efficiency and heat recovery at the Puente Mayorga plant, Cadiz.
- Modifying the furnace of the Crude III unit of the Gibraltar-San Roque refinery to bring down NOx emissions.
- Adapting the service station network to new environmental regulations.

Environmental Investment and Spending

Millions of euros

	2013	2012	2011
ENVIRONMENTAL INVESTMENT	**12.55**	19.24	20.60
ENVIRONMENTAL SPENDING	**83.59**	83.89	72.71

Investment by Business Area

Millions of euros

	2013		2012		2011	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
E&P	0.04	0.28	2.11	10.97	3.46	16.81
REFINING	7.34	58.46	12.56	65.30	10.44	50.77
SALES AND MARKETING	3.73	29.76	4.08	21.21	5.94	28.86
PETROCHEMICALS	1.44	11.50	0.48	2.52	0.73	3.56
TOTAL	**12.55**	**100**	**19.23**	**100**	**20.57**	**100**

In 2013 CEPSA continued its promotion of the same environmental investment and spending policy, which is mainly aimed at atmospheric emission reduction and water treatment.

BIODIVERSITY PROTECTION

CEPSA acknowledges the importance of protecting the biodiversity of individuals and species and of the environments where they live as the basis of systems that support the availability of clean air, water, soil and, in general, the resources required to preserve the natural balance necessary for life.

Thus, sensitised to the environmental issue of the accelerated loss of biodiversity, CEPSA approved in 2009 the Biodiversity Protection Regulation defining the Company's action policy and criteria for actively preserving and protecting nature with regard to both its production processes and the design of its products and the location of its facilities.

Furthermore, CEPSA has training programmes aimed at raising its employees' awareness, funds research projects and promotes scientific knowledge about this topic and the spreading thereof. The main goal of the programme of initiatives promoted by CEPSA is to reduce the impacts of its activity on biodiversity.

The following stand out among the biodiversity and environmental education projects and activities the Company carried out in 2013:

SIGNING OF THE BIODIVERSITY PACT

In keeping with its environmental regulation, in 2005 CEPSA joined the UN Convention on Biological Diversity through which it announced its commitment on a worldwide scale to observing human and labour rights, fighting against corruption and improving the environment. From then on, CEPSA undertook to improve its environmental responsibility and to develop environment-friendly techniques and technologies.

In 2013 CEPSA signed the Spanish Biodiversity Pact, by means of which it publicly acknowledges and supports the UN Convention on Biological Diversity. Together with another twelve companies, CEPSA committed to protecting biodiversity and conserving nature with the aim of creating a solid framework for cooperation between the signatory companies and the Administration.

ABUNDANCE AND DISTRIBUTION OF THE PINK RIVER DOLPHIN (INIA GEOFFRENSIS) IN THE RIVER META (COLOMBIA)

The pink river dolphin is the largest and most abundant of the river dolphins. It is very widely distributed throughout South America in the basin of the River Orinoco and its tributaries, one of which is the River Meta, and also along the entire length of the Amazon and its affluents.

In 2013 CEPSA funded a project for the research and conservation of the pink river dolphin in the River Meta (Colombia) launched by the Fundación Omacha NGO.

Between August and September 2012 an expedition was carried out on the River Meta to estimate the abundance of river dolphins therein. Quantification was conducted by sighting from a boat travelling up and down the river so as to optimise the precision thereof. 711km were covered, and 65 pink river dolphins were sighted out of a total of 134 sighted dolphins. The expedition also gave an opportunity to perform estimates of the population of water birds, such as the jabiru (Jabiru mycteria) -- the largest stork in the Americas, and the giant anteater (Myrmecophaga tridactyla), classed as vulnerable by the International Union for Conservation of Nature (IUCN).

INAUGURATION OF THE EL CAMALEÓN NATURE AND COASTAL INTERPRETIVE CENTRE

In June 2013, CEPSA, the Chipiona Town Council and the CANS organisation opened the El Camaleón Interpretive Centre, the first centre devoted to the study and protection of chameleons -- an endangered protected species, as well as to the dissemination and protection of the area. This new centre means the establishment of an important resource for knowing and conserving the coastal environment of Chipiona, a town in the north-western coast of the province of Cádiz which has great environmental value -- it is just down the coast from the Doñana National Park, on the left side of the mouth of the Guadalquivir.

The new centre's objectives are to conserve the chameleon (Chamaleo chamaeleon) and the belt of dunes near which the Centre is located, to provide environmental education around an emblematic species and to set up an educational core for sustainability and sustainable fishing taking as an example the fishing weirs close to the Centre.

More than 5,000 people have visited the facilities since it opened in June.

ABUNDANCE AND DISTRIBUTION OF APEX PREDATORS IN THE MARINE ENVIRONMENT OF THE DOÑANA NATIONAL PARK

The Gulf of Cadiz has great marine productivity and accumulates a high number of top-level marine predatory species, also known as apex predators, which are sensitive to any change in the ecosystem's lower trophic levels. The condition of the populations of apex predators are considered an indicator of the state of the habitat, which is the ultimate purpose of the study.

The goal of the project was to determine the abundance, space-time distribution and habitat use of sea birds and cetaceans in Doñana's marine zone and the adjacent space as well as to study which biotic (living organisms) and abiotic (light, temperature, submarine relief, pollution, etc.) factors explain the behavioural patterns found. The socio-economic activities susceptible to causing positive or negative impacts on this group of predators were also analysed to obtain reliable data for managing and conserving the habitat and its species.

CONSERVATION OF NEPTUNE GRASS ON THE ANDALUSIAN COASTLINE

Under the initiative of the Regional Government of Andalusia, with funding from the European Commission through LIFE funds, and with CEPSA as the co-financing partner, the "*Conservation of Neptune grass on the Andalusian coastline*" project began in 2011. The project featured participation from the International Union for Conservation of Nature (IUCN), the Organisation for the Conservation, Information and Research on Cetaceans (CIRCE), the Ministry of Agriculture, Fisheries and the Environment of the Regional Government of Andalusia, organisations of shipowners and associations of fishermen.

The relevance of the project, which will extend until 2014, lies in the fact that to date there are no known techniques for restoring Neptune grass, so prevention is hence the only conservation tool.

The idea, therefore, is to prevent or attenuate the main threats, laying down a long-term strategy of protection and involving all related sectors and the general public.

In 2009 CEPSA approved its Biodiversity Protection Regulation.

Greenhouse Gases

CEPSA oversees compliance with EC directives on the EU Emissions Trading System as well as other applicable international markets, aiming at energy efficiency in its processes and facilities.

GHG EMISSION MANAGEMENT

CEPSA's unwavering goal in relation to Greenhouse Gases (GHGs) is to reduce the amount and number of emissions through technological innovation and by improving efficiency in all processes and facilities: refineries, chemical plants, cogeneration power plants and hydrocarbon exploration and production facilities.

Our Spanish facilities are subject to the European Union Emissions Trading Scheme. A new emission compliance period -- 2013-2020 -- began in 2013 with the European goal of reducing CO_2 emissions by 20% by 2020 with regard to 1990 levels. Moreover, this new plan introduces changes in the free allocation methodology, the monitoring methodology and the emissions trading rules.

Our Canadian plants, which have traded on Quebec and California Market since 2013, are subject to a emissions trading market similar to the European one which is known as Cap & Trade and whose main objective is to reduce GHG emissions by up to 20% by 2020.

CEPSA oversees compliance with EC directives on the EU Emission Trading Scheme, which have been amended this year with Phase III (2013-2020) (an extension of the Kyoto Protocol) with a view to reaching an international agreement in 2015. The Company has been monitoring current international legislation in terms of climate change as well as the energy efficiency of its processes.

The Company's performance in the field of GHG emissions has focused on the following aspects:

- To defend our stance on Climate Change by monitoring the three principles of our energy policy: security of supply, viability of prices and competitiveness.

- To promote energy policies which aim to reach a global agreement in order to be able to adhere to the three energy policy principles and have a bearing on the energy and environmental spheres, boosting our industry's technical and financial viability so as to continue being fossil fuel suppliers and meet the demand with viable costs and prices.

We have started to certify our production centres as per the international standard ISO 50001 on energy management systems.

Investment in Energy Saving and CO_2 Emissions Reduction Projects

Thousands of euros

	2013	2012	2011
REFINING	22,212	11,820	22,565
PETROCHEMICALS	171	242	998
COGENERATION	7,280	15,175	16,178
TOTAL	**29,663**	**27,237**	**39,741**

- To collaborate in the development of energy regulations together with industry associations and conduct assessments of the economic impacts the potential changes in energy regulations might have on CEPSA.

- To achieve the ongoing reduction of GHG emissions through energy-saving control measures and process optimisation.

- To participate in carbon sequestration and storage projects such as:
  - CO_2 storage project at La Rábida Refinery (Huelva).
  - The evaluation of potential research lines in carbon projects and CO_2 transformation projects.
  - Our participation in initiatives such as Clean Development Mechanisms (CDM) and Joint Implementation, through the Spanish Carbon Fund, and in the emissions allowance market.

- To promote and strive for a better communication of what the Company's Ecological and Carbon Footprints are, as well as to study alternative raw materials that can shrink them.

ENERGY MANAGEMENT SYSTEM

As a new development this year, we have begun to certify our production centres as per the international standard ISO 50001 on energy management systems, which will make it easier to control and monitor our improvement actions as regards energy efficiency and the resulting CO_2 emission reduction.

Direct GHG Emissions

GHG emissions have been calculated taking into account fuel consumption data, emission factors associated with each fuel, the procedures recommended by the *Conservation of Clean Air and Water in Europe* (CONCAWE) association and the calculation methodologies included in the corresponding Greenhouse Gas Emission Permits in accordance with the new Greenhouse Gas Emission Monitoring Plan No 601/2012.

The inventory of greenhouse gases contains data from those CEPSA's facilities which are included in the EU Emissions Trading Scheme, the Canadian plants which are part of the Quebec and California Market, the Brazilian plants and the Exploration and Production facilities which are not subject to any emissions trading scheme. In 2013 the Group's emissions have dropped by 10.1% in relation to the preceding year due to the low output of Nueva Generadora del Sur (NGS, a combined cycle plant in which CEPSA has a 50% stake) and the decrease in production in the Tenerife Refinery that took place during the year. Emissions intensity ratios remained at 2012 levels.

As far as compliance with the Emission Trading Scheme is concerned, the free allocations which the facilities have received for the 2013-2020 period have fallen owing to the change in the allocations methodology and the emissions reduction goals at the European level. For this period, cogeneration plants have not received any free allocations, so they will have to purchase all the rights in order for their emissions to be compliant.

The rest of the facilities will use the surpluses from the previous 2008-2012 period.

Direct GHG Emissions

Thousands of tonnes

	2013		2012		2011	
	CO_2eq	VARIATION	CO_2eq	VARIATION	CO_2eq	VARIATION
SPAIN [1]	5,072	-10.9%	5,690	1.0%	5,633	4.3%
OTHER COUNTRIES	398	1.3%	393	-35.7%	611	12.9%
TOTAL	**5,470**	**-10.1%**	**6,082**	**-2.7%**	**6,244**	**5.1%**

[1] *Facilities included in the EU Emissions Trading Scheme pursuant to Directives 2003/87/EC and 2009/29/EC and Phase III (2013-2020).*

Emissions by Business Unit

Thousands of tonnes

	2013		2012		2011	
	CO_2	CO_2eq	CO_2	CO_2eq	CO_2	CO_2eq
EXPLORATION AND PRODUCTION	217	233	227	243	461	470
REFINING	3,222	3,236	3,335	3,348	3,311	3,336
PETROCHEMICALS	680	684	663	665	637	640
GAS AND POWER [1]	1,309	1,317	1,817	1,826	1,784	1,797
COGENERATION	1,226	1,233	1,297	1,303	1,215	1,223
MIXED COMBINED CYCLE	83	84	520	523	569	574
TOTAL	**6,737**	**6,787**	**7,859**	**7,908**	**7,977**	**8,040**
ASESA [2]	41	42	41	41	42	43

[1] *Figures based on our stake.*
[2] *ASESA, in which CEPSA holds 50% of shares, has been added to the table without its being considered in the overall calculation for the Group, as it has never been considered in previous years. It has been decided not to change all figures from previous years to prevent confusion.*

Intensity of Emissions by Business Unit

	2013	2012	2011
EXPLORATION AND PRODUCTION (TONNE OF CO_2 EQ/TONNE OF NET PETROLEUM)	**0.056**	0.051	0.083
REFINING (TONNES OF CO_2 EQ/TONNE OF PROCESSED CRUDE OIL)	**0.140**	0.134	0.146
PETROCHEMICALS (TONNE OF CO_2 EQ/PRODUCED TONNE)	**0.157**	0.153	0.150
COGENERATION (TONNES OF CO_2 EQ/NET MWh PRODUCED)	**0.259**	0.263	0.245
COMBINED CYCLE (TONNES OF CO_2 EQ/NET MWh PRODUCED)	**0.376**	0.427	0.435

Other Information

About this Report 88

Auditor's Report and Consolidated Financial Statements 89

Glossary 106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About this Report

REPORT-WRITING PROCESS

As a new feature in this 2013 Annual and Corporate Responsibility Report CEPSA carried out a materiality analysis exercise so that the 2013 Annual and Corporate Responsibility Report starts to focus on those social, environmental and/or economic aspects which are relevant to the Company's business and have an influence on its stakeholders' decision making.

CEPSA performed this analysis from the study of the corporate responsibility indicators recommended by the international standards on non-financial information (the Global Reporting Initiative's *G4 Sustainability Reporting Guidelines*) and the investors' concerns regarding corporate responsibility through the evaluation criteria of the sustainability indexes (Dow Jones Sustainability Index and FTSE4Good).

Additionally, during the determination of materiality, the topics of interest at CEPSA were compared with the topics of interest of the industries associations (AOP, IPIECA and EUROPIA), through available public information, and for the media, through *off-line* and ***on-line*** press monitoring studies (Factiva).

This new *reporting* perspective means that the 2013 Annual and Corporate Responsibility Report has begun to focus on reporting matters which are important to CEPSA and its stakeholders and about which the Company can promote a more significant change in terms of improving its management.

Scope of the Information

The information included in this 2013 Annual and Corporate Responsibility Report refers to all the activities carried out by CEPSA as an energy company that performs its activity in all phases of the hydrocarbon value chain.

This report includes CEPSA's information corresponding to the full period ranging from 1 January to 31 December 2013 and the benchmarking with the periods corresponding to 2012 and 2011 for some indicators for the purpose of comparison and to provide the reader with the evolution of the data set out in the Annual Report in terms of time.

The CEPSA figures shown in this 2013 Annual and Corporate Responsibility Report are consolidated and relate to the Company as a whole, although there are particularities in some chapters.

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

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Sole Shareholder of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.U.:

We have audited the consolidated financial statements of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.U. (the Parent Company) and its subsidiaries (the CEPSA Group), which comprise the consolidated statement of financial position at December 31, 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As indicated in Note 2 to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and other provisions in the regulatory framework applicable to the CEPSA Group. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and the evaluation of whether their presentation, the accounting principles and criteria applied and the estimates made are in agreement with the applicable regulatory framework for financial information.

In our opinion, the accompanying 2013 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.U. and subsidiaries at December 31, 2013, and the consolidated results of operations and consolidated cash flow for the year then ended, in conformity with IFRS, as adopted by the European Union, and other applicable provisions in the regulatory framework for financial information.

The accompanying 2013 consolidated management report contains such explanations as the directors of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.U. consider appropriate concerning the situation of the CEPSA Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2013 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.U. and its subsidiaries.

ERNST & YOUNG, S.L.

Basilio Gómez Salinas

March 7, 2014

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid · Inscrita en el Registro Mercantil de Madrid al Tomo 12749, Libro 0, Folio 215, Sección 8ª, Hoja M-23123, Inscripción 116. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

Consolidated Financial Statements

As of 31 December 2013 and 2012

Compañía Española de Petróleos, S.A.U. and Subsidiary Companies (Consolidated Group)

Thousands of euros

Assets	2013	2012*
NON-CURRENT ASSETS		
INTANGIBLE FIXED ASSETS (NOTE 4)		
INTANGIBLE ASSETS AND RIGHTS	827,411	848,134
IMPAIRMENT AND DEPRECIATION	(323,848)	(308,310)
TOTAL INTANGIBLE FIXED ASSETS	**503,563**	**539,824**
CONSOLIDATION GOODWILL FUNDS (NOTE 5)	**50,278**	**63,161**
TANGIBLE FIXED ASSETS (NOTE 6)		
TANGIBLE ASSETS AND RIGHTS	11,795,820	11,228,665
IMPAIRMENT AND DEPRECIATION	(7,465,959)	(6,874,451)
TOTAL TANGIBLE FIXED ASSETS	***4,329,861***	***4,354,214***
INVESTMENTS CARRIED BY THE EQUITY METHOD (NOTE 7)	**289,541**	**178,983**
NON-CURRENT FINANCIAL ASSETS (NOTE 8)	**192,549**	**355,001**
DEFERRED TAX ASSETS (NOTE 14)	**188,827**	**86,228**
TOTAL NON-CURRENT ASSETS	**5,554,619**	**5,577,411**
CURRENT ASSETS		
INVENTORIES (NOTE 9)	**1,934,059**	**2,758,412**
TRADE AND OTHER RECEIVABLES (NOTE 10)	**2,958,556**	**2,840,492**
CURRENT INCOME TAX ASSETS	**18,175**	**33,084**
OTHER CURRENT FINANCIAL ASSETS (NOTE 8)	**171,571**	**163,089**
OTHER CURRENT ASSETS	**14,348**	**8,544**
LIQUID ASSETS (NOTE 11)	**2,283,143**	**1,758,333**
TOTAL CURRENT ASSETS	**7,379,852**	**7,561,954**
TOTAL ASSETS	**12,934,471**	**13,139,365**

Shareholders' Equity and Liabilities	2013	2012*
NET EQUITY (NOTE 12)		
EQUITY		
SUBSCRIBED CAPITAL	267,575	267,575
PAID-IN SURPLUS	338,728	338,728
REVALUATION RESERVE	90,936	90,936
RESULTS ACCUMULATED FROM PREVIOUS YEARS	5,275,415	5,060,844
PROFIT (LOSS) ATTRIBUTED TO THE PARENT COMPANY	533,805	575,797
INTERIM DIVIDEND PAID IN THE YEAR	(160,545)	(160,545)
TOTAL SHAREHOLDERS' EQUITY	**6,345,914**	**6,173,335**
VALUATION ADJUSTMENTS		
CONVERSION DIFFERENCES	32,375	88,730
OTHER ADJUSTMENTS FOR CHANGES IN VALUE	(21,210)	(19,206)
TOTAL ADJUSTMENTS FOR CHANGES IN VALUE	**11,165**	**69,524**
TOTAL NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**6,357,079**	**6,242,859**
EXTERNAL SHAREHOLDERS (NOTE 12.F)		
NET EQUITY ATTRIBUTED TO EXTERNAL SHAREHOLDERS	63,732	53,550
PROFIT AND LOSS ATTRIBUTED TO EXTERNAL SHAREHOLDERS	13,543	15,412
TOTAL EXTERNAL SHAREHOLDERS	**77,275**	**68,962**
TOTAL EQUITY	**6,434,354**	**6,311,821**
NON-CURRENT LIABILITIES		
BANK BORROWINGS (NOTE 13)	2,298,635	2,430,597
OTHER FINANCIAL DEBTS (NOTE 13)	95,662	108,553
DEFERRED TAX LIABILITIES (NOTE 14)	311,311	346,519
CAPITAL SUBSIDIES (NOTE 15)	71,690	83,418
PENSIONS AND RELATED OBLIGATIONS (NOTE 16)	10,875	10,896
OBLIGATIONS AND OTHER PROVISIONS (NOTE 17)	201,392	194,069
OTHER NON-CURRENT LIABILITIES (NOTE 18)	28,179	33,997
TOTAL NON-CURRENT LIABILITIES	**3,017,744**	**3,208,049**
CURRENT LIABILITIES		
BANK BORROWINGS (NOTE 13)	680,990	850,214
OTHER FINANCIAL DEBTS (NOTE 13)	29,052	19,865
TRADE AND OTHER RECEIVABLES (NOTE 18)	2,640,353	2,651,620
CURRENT INCOME TAX LIABILITIES	109,836	77,529
OTHER CURRENT LIABILITIES	22,142	20,267
TOTAL CURRENT LIABILITIES	**3,482,373**	**3,619,495**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**12,934,471**	**13,139,365**

Consolidated Profit and Loss Accounts

For the years ended December 31, 2013 and 2012

Compañía Española de Petróleos, S.A.U. and Subsidiary Companies (Consolidated Group)

Thousands of euros

	2013	2012*
SALES AND PROVISION OF SERVICES FOR ORDINARY ACTIVITY	25,244,599	26,807,512
SPECIAL TAX ON HYDROCARBONS CHARGED TO SALES	2,332,750	2,002,648
NET TURNOVER AMOUNT (NOTES 3.N AND 25)	**25,577,349**	**28,810,160**
CHANGE IN INVENTORIES OF FINISHED PRODUCT AND WIP	(205,154)	93,911
WORK CARRIED OUT BY THE COMPANY ON ITS ASSETS	62,277	52,763
PROVISIONS (NOTE 25)	(21,292,244)	(22,502,906)
OTHER OPERATING INCOME (NOTE 25)	59,007	37,263
PERSONNEL EXPENSES (NOTE 25)	(609,534)	(596,198)
CHANGES IN TRADE PROVISIONS	8,584	(51,360)
OTHER OPERATING EXPENSES:		
SPECIAL TAX ON HYDROCARBONS	(2,326,582)	(2,001,733)
OTHER EXPENSES (NOTE 25)	(2,021,760)	(1,984,860)
DEPRECIATION AND AMORTISATION CHARGE	(713,082)	(746,157)
ALLOCATION OF SUBSIDIES FOR NON-FINANCIAL FIXED ASSETS AND OTHERS (NOTE 25)	41,522	40,497
IMPAIRMENT AND RESULTS FOR DISPOSAL OF FIXED ASSETS (NOTE 25)	(93,345)	(60,751)
OPERATING PROFIT (LOSS) (NOTE 24)	**487,038**	**1,090,629**
SHARE IN PROFITS OF COMPANIES CONSOLIDATED BY THE EQUITY METHOD (NOTE 7)	46,626	(4,524)
FINANCIAL INCOME (NOTE 27)	256,913	73,362
FINANCIAL EXPENSES (NOTE 27)	(71,537)	(93,295)
IMPAIRMENT AND RESULTS FOR DISPOSAL OF FINANCIAL INSTRUMENTS	75,475	2,119
CONSOLIDATED PROFIT (LOSS) BEFORE TAXES	**794,515**	**1,068,291**
TAX ON INCOME (NOTE 3.M AND 14)	(247,167)	(477,082)
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR ONGOING OPERATIONS	**547,348**	**591,209**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**547,348**	**591,209**
ATTRIBUTABLE TO:		
SHAREHOLDERS OF THE PARENT COMPANY	**533,805**	**575,797**
MINORITY INTERESTS	**13,543**	**15,412**
PER-SHARE PROFIT:		
BASIC	**1.99**	**2.15**
DILUTED	**1.99**	**2.15**

Consolidated Cash Flow Statements

For the years ended December 31, 2013 and 2012

Compañía Española de Petróleos, S.A.U. and Subsidiary Companies (Consolidated Group)

Thousands of euros

Operating Cash Flows	2013	2012*
PROFIT FOR THE YEAR BEFORE TAX	794,515	1,068,291
ALLOCATIONS FOR IMPAIRMENT,DEPRECIATION AND RESULTS FOR DISPOSAL OF FIXED ASSETS	806,384	805,219
CHANGES IN PROVISIONS FOR RISKS AND EXPENSES	7,506	79,207
CAPITAL SUBSIDIES AND OTHER INCOME TRANSFERRED TO RESULTS	(6,281)	(40,501)
IMPAIRMENT AND RESULTS FOR DISPOSAL OF FINANCIAL INSTRUMENTS	(252,661)	(2,308)
CHANGES IN PROVISIONS FOR CURRENT ASSETS	(17,324)	50,984
OTHER CHANGES	(124,704)	191
OPERATING CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	**1,207,435**	**1,961,084**
INTEREST PAID	(52,204)	(52,694)
INTEREST RECEIVED	12,909	34,801
DIVIDENDS RECEIVED	54,805	40,737
AMOUNTS RECEIVED/(PAID) FOR INCOME TAX	(271,059)	(458,724)
OTHER OPERATING CASH FLOWS	**(255,549)**	**(435,880)**
CHANGES IN WORKING CAPITAL	**660,660**	**(618,140)**
TOTAL OPERATING CASH FLOWS	**1,612,546**	**907,064**
INVESTMENT CASH FLOWS		
PAYMENTS		
INTANGIBLE FIXED ASSETS	(18,854)	(27,327)
TANGIBLE FIXED ASSETS	(626,323)	(520,605)
FINANCIAL FIXED ASSETS		
ASSOCIATED COMPANIES AND OTHER PORTFOLIO	(148,769)	(2,298)
OTHER FINANCIAL INVESTMENTS	(41,910)	(81,832)
ACQUISITION OF CONSOLIDATED SHAREHOLDINGS (NOTE 2.G)	(56,430)	(129,222)
SUBSIDIES RECEIVED	1,672	3,336
TOTAL PAYMENTS	**(890,614)**	**(757,948)**
COLLECTION OF PAYMENTS		
INTANGIBLE FIXED ASSETS	(5,184)	2,104
TANGIBLE FIXED ASSETS	27,245	37,432
FINANCIAL FIXED ASSETS	330,976	9,880
TOTAL COLLECTIONS	**353,037**	**49,416**
TOTAL INVESTMENT CASH FLOWS	**(537,577)**	**(708,532)**

Compañía Española de Petróleos, S.A.U. and Subsidiary Companies (Consolidated Group)

Thousands of euros

Financing Cash Flows	2013	2012
DIVIDENDS PAID:		
TO SHAREHOLDERS OF THE PARENT COMPANY (NOTE 12.E)	(361,226)	(321,090)
TO MINORITY SHAREHOLDERS	(12,842)	(15,989)
TOTAL DIVIDENDS PAID	**(374,068)**	**(337,079)**
NET CHANGES IN NON-CURRENT FINANCIAL DEBTS	124,527	1,060,713
NET CHANGES IN CURRENT FINANCIAL DEBTS	(418,248)	(338,250)
NET CHANGES IN REMUNERATED FINANCIAL INVESTMENTS	125,000	(125,000)
FINANCIAL LEASE PAYMENTS	(675)	(2,948)
TOTAL FINANCIAL DEBT FLOWS	**(169,396)**	**594,515**
TOTAL FINANCING CASH FLOWS	**(543,464)**	**257,436**
CHANGES IN CASH ACCOUNT AND EQUIVALENT ASSETS	**531,505**	**455,968**
EFFECT OF CHANGES IN THE EXCHANGE RATE	(6,695)	(2,318)
OPENING CASH BALANCE AND EQUIVALENT ASSETS	**1,758,333**	**1,304,683**
CLOSING CASH BALANCE AND EQUIVALENT ASSETS	**2,283,143**	**1,758,333**
DISCLOSURE CHANGES IN WORKING CAPITAL		
INVENTORIES	851,731	(227,129)
TRADE AND OTHER RECEIVABLES	(82,387)	(163,441)
OTHER CURRENT FINANCIAL ASSETS	5,671	43,318
TRADE AND OTHER PAYABLES	(100,359)	(276,151)
OTHER CHANGES	(13,996)	5,263
TOTAL CHANGES IN WORKING CAPITAL	**660,660**	**(618,140)**

(Notes 1 to 30 described in the Report form part of these Consolidated Cash Flow Statements).

Consolidated Income Statement

for the years ended 31 December 2013 and 2012

Compañía Española de Petróleos, S.A.U. and Subsidiary Companies (Consolidated Group)

Thousands of euros

	2013	2012
CONSOLIDATED RESULT FOR THE YEAR OF THE PROFIT AND LOSS ACCOUNT	**547,348**	**591,209**
INCOME AND EXPENSES CHARGED DIRECTLY TO NET EQUITY:		
Revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	**(54,617)**	**(38,150)**
FOR CASH FLOW HEDGES	(4,206)	4,029
FOR NET INVESTMENT HEDGES	12,124	6,546
CONVERSION DIFFERENCES	(61,146)	(44,075)
ENTITIES VALUED USING THE EQUITY METHOD	986	(1,477)
TAX EFFECT	(2,375)	(3,173)
TRANSFERS TO PROFIT AND LOSS ACCOUNT:	**(8,533)**	**(3,527)**
FOR CASH FLOW HEDGES	(13,287)	(2,682)
ENTITIES VALUED USING THE EQUITY METHOD	768	(1,650)
TAX EFFECT	3,986	805
TOTAL COMPREHENSIVE INCOME/(EXPENSES) (A+B+C)	**484,198**	**549,532**
A) ATTRIBUTED TO THE PARENT COMPANY	475,446	537,537
B) ATTRIBUTED TO MINORITY INTERESTS	8,752	11,995

Consolidated Income Statement

for the years ended 31 December 2013 and 2012

	Subscribed Capital	Share Premium	Revaluation Reserve	Retained Earnings	Conversion Differences	Interim Dividends	Reserves for Valuation Assets/Liabs. at Fair Value	Minority Interests	Total
BALANCE AS AT 1 JANUARY 2012	**267,575**	**338,728**	**90,936**	**5,381,934**	**129,388**	**(160,545)**	**(21,604)**	**72,956**	**6,099,368**
PROFIT/(LOSS) FOR THE YEAR				575,797				15,412	**591,209**
RESULTS RECOGNISED DIRECTLY IN EQUITY									
FOR CASH FLOW HEDGING WITH LOANS AND NET INVESTMENT							2,398		**2,398**
FOR CONVERSION DIFFERENCES				-	(40,658)			(3,417)	**(44,075)**
TOTAL RESULTS RECOGNISED DIRECTLY IN EQUITY	-	-	-	-	(40,658)	-	2,398	(3,417)	**(41,677)**
FOR TRANSACTIONS WITH SHAREHOLDERS									
GROSS DIVIDEND				(321,090)		160,545		(15,989)	**(176,534)**
INTERIM DIVIDEND FOR THE YEAR						(160,545)		-	**(160,545)**
TOTAL TRANSACTIONS WITH SHAREHOLDERS	-	-	-	(321,090)	-	-	-	(15,989)	**(337,079)**
BALANCE AS AT 31/12/2012	**267,575**	**338,728**	**90,936**	**5,636,641**	**88,730**	**(160,545)**	**(19,206)**	**68,962**	**6,311,821**

Thousands of euros

Compañía Española de Petróleos, S.A.U. and Subsidiary Companies (Consolidated Group)

	Subscribed Capital	Share Premium	Revaluation Reserve	Retained Earnings	Conversion Differences	Interim Dividends	Reserves for Valuation Assets/Liabs. at Fair Value	Minority Interests	Total
BALANCE AS AT 01/01/2013	**267,575**	**338,728**	**90,936**	**5,636,641**	**88,730**	**(160,545)**	**(19,206)**	**68,962**	**6,311,821**
PROFIT/(LOSS) FOR THE YEAR				533,805				13,543	**547,348**
RESULTS RECOGNISED DIRECTLY IN EQUITY									
FOR CASH FLOW HEDGING WITH LOANS AND NET INVESTMENT							(2,004)		**(2,004)**
FOR CONVERSION DIFFERENCES				-	(56,355)			(4,792)	**(61,147)**
TOTAL RESULTS RECOGNISED DIRECTLY IN EQUITY	-	-	-	-	(56,355)	-	(2004)	(4,792)	**(63,151)**
FOR TRANSACTIONS WITH SHAREHOLDERS									
GROSS DIVIDEND				(361,226)		160,545		(12,842)	**(213,523)**
INTERIM DIVIDEND FOR THE YEAR						(160,545)			**(160,545)**
OTHER CHANGES TO NET EQUITY									
CHANGES IN CONSOLIDATION METHODS								12,404	**12,404**
TOTAL TRANSACTIONS WITH SHAREHOLDERS				(361,226)				(438)	**(361,664)**
BALANCE AS AT 31/12/2013	**267,575**	**338,728**	**90,936**	**5,809,220**	**32,275**	**(160,545)**	**(21,210)**	**77,275**	**6,434,354**

Thousands of euros

Financial Information on CEPSA

Breakdown of Profit & Loss Account for the Years Ended 31 December

Millions of euros

	2013	2012	2011[a]	2011	2010	2009
SALES OF PRODUCTS AND SERVICES FOR ORDINARY ACTIVITY	25,244	26,808	24,681	24,989	19,744	16,084
EXCISE TAX ON HYDROCARBONS CHARGED TO SALES	2,333	2,003	2,210	2,210	2,340	2,281
NET SALES	**27,577**	**28,811**	**26,891**	**27,199**	**22,084**	**18,365**
ADJUSTED GROSS OPERATING PROFIT (*)	**17**					
EXPLORATION AND PRODUCTION	729	872	789	789	635	472
REFINING AND MARKETING	410	625	450	453	515	380
PETROCHEMICALS	214	227	227	247	215	143
GAS AND POWER	23	53	43	49	43	63
TOTAL ADJUSTED GROSS OPERATING PROFIT	**1,393**	**1,777**	**1,509**	**1,538**	**1,408**	**1,058**
ADJUSTED OPERATING PROFIT (*)	**17**					
EXPLORATION AND PRODUCTION	436	533	487	487	334	236
REFINING AND MARKETING	72	265	121	121	180	113
PETROCHEMICALS	161	161	176	185	145	62
GAS AND POWER	5	42	35	29	21	57
TOTAL ADJUSTED OPERATING PROFIT	**691**	**1,001**	**819**	**822**	**680**	**468**
GAINS / (LOSSES) ON VALUATION OF INVENTORIES	(119)	163	374	385	252	159
NON-RECURRING ITEMS DURING THE PERIOD	(85)	(72)	(25)	(65)	43	(53)
TOTAL OPERATING INCOME PER IFRS	**487**	**1,092**	**1,168**	**1,142**	**975**	**574**
PROFIT BEFORE TAX PER IFRS	**795**	**1,068**	**1,190**	**1,178**	**1,022**	**663**
CORPORATE INCOME TAX	(247)	(477)	(533)	(521)	(374)	(272)
NET PROFIT FOR THE YEAR PER IFRS	**547**	**591**	**657**	**657**	**648**	**391**
MINORITY INTERESTS	(14)	(15)	(17)	(17)	(14)	(16)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY PER IFRS	**534**	**576**	**640**	**640**	**634**	**375**
NET LOSSES / (GAINS) FROM NON-RECURRING ITEMS DURING THE PERIOD	(163)	(21)	(215)	(215)	(216)	(110)
ADJUSTMENT TO NON-CONTROLLING INTERESTS FOR NET LOSSES / (GAINS) FROM NON-RECURRING ITEMS DURING THE PERIOD	-	-	-	-	5	
ADJUSTED PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	**371**	**555**	**425**	**425**	**418**	**270**

(*) Adjusted results excluding the effects of changes in prices of inventories and other non-recurring items.

Investments in Property, Plant and Equipment, Intangible Assets and Non Current Financial Assets in Associates (Details by Business Areas)

Millions of euros

	2013	2012	2011[(a)]	2011	2010	2009
EXPLORATION AND PRODUCTION	386	247	429	429	156	214
REFINING AND MARKETING	187	371	214	214	356	594
PETROCHEMICALS	184	86	53	53	32	34
GAS AND COGENERATION TECHNOLOGY	159	23	38	38	69	101
CORPORATION	11	7	8	8	8	8
TOTAL INVESTMENTS	**926**	**734**	**742**	**742**	**621**	**951**

Statement of Cash Flows for the Years Ended 31 December

Millions of euros

Cash Flows from Operating Activities	2013	2012	2011	2011	2010	2009
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	952	1,525	1,392	1,421	1,482	428
CHANGES IN WORKING CAPITAL	661	(618)	(273)	(306)	(631)	647
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	**1,613**	**907**	**1,119**	**1,115**	**851**	**1,075**

Cash Flows Used in Investing Activities

Millions of euros

	2013	2012	2011	2011	2010	2009
CAPITAL EXPENDITURES	892	(761)	(727)	(732)	(720)	(985)
CAPITAL GRANTS RECEIVED	2	3	6	6	3	7
PROCEEDS FROM ASSET SALES	353	49	22	31	22	63
INVESTMENTS DUE TO CHANGES IN THE GROUP						
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES	**(538)**	**(709)**	**(699)**	**(695)**	**(695)**	**(915)**

Cash Flows (used in) / from Financing Activities

Millions of euros

	2013	2012	2011	2011	2010	2009
CHANGES SHORT OR LONG-TERM LOANS	(169)	595	369	362	319	213
DIVIDENDS PAID	(374)	(337)	(306)	(306)	(239)	(292)
TOTAL CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES	**(543)**	**258**	**63**	**56**	**80**	**(79)**

TOTAL NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**532**	**456**	**483**	**476**	**236**	**81**

Balance Sheet (Before Profit Distribution) at 31 December

Millions of euros

	2013	2012	2011[a]	2011	2010	2009
Assets						
FIXED ASSETS:	**5,506**	**5,514**	**5,519**	**5,618**	**5,661**	**5,646**
INTANGIBLE ASSETS	504	540	445	456	270	247
TANGIBLE FIXED ASSETS	4,330	4,354	4,594	4,828	5,069	5,112
LONG-TERM FINANCIAL INVESTMENTS	670	620	480	334	322	287
CONSOLIDATION GOODWILL	**50**	**63**	**62**	**62**	**66**	**61**
NON-CURRENT ASSETS	**5,554**	**5,577**	**5,581**	**5,680**	**5,727**	**5,707**
CURRENT ASSETS						
INVENTORIES	1,934	2,758	2,545	2,605	2,016	1,449
DEBTORS	2,977	2,874	2,745	2,829	2,777	2,318
OTHER SHORT-TERM INVESTMENTS	172	163	184	126	102	266
OTHER CURRENT ASSETS	14	9	14	16	13	9
CASH AND CASH EQUIVALENTS	2,283	1,758	1,304	1,315	841	598
CURRENT ASSETS:	**7,380**	**7,562**	**6,792**	**6,891**	**5,749**	**4,640**
NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS	-	-	-	-	-	-
TOTAL ASSETS	**12,934**	**13,139**	**12,373**	**12,571**	**11,476**	**10,347**

	2013	2012	2011[a]	2011	2010	2009
Shareholders' Equity and Liabilities						
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	**6,357**	**6,243**	**6,026**	**6,026**	**5,688**	**5,288**
EQUITY	**6,346**	**6,173**	**5,919**	**5,919**	**5,573**	**5,168**
SUBSCRIBED CAPITAL	268	268	268	268	268	268
PAID-IN SURPLUS	339	339	339	339	339	339
REVALUATION RESERVE	91	91	91	91	91	91
RETAINED EARNINGS	5,275	5,060	4,742	4,742	4,361	4,202
PROFIT (LOSS) ATTRIBUTED TO THE PARENT COMPANY	533	576	640	640	634	375
INTERIM DIVIDEND PAID IN THE YEAR	(161)	(161)	(161)	(161)	(120)	(107)
VALUATION ADJUSTMENTS	**11**	**70**	**107**	**107**	**115**	**120**
CONVERSION DIFFERENCES	32	89	129	129	128	66
OTHER ADJUSTMENTS FOR CHANGES IN VALUE	(21)	(19)	(22)	(22)	(13)	54
MINORITY INTERESTS	**77**	**69**	**73**	**73**	**71**	**65**
SHAREHOLDERS' EQUITY	**6,434**	**6,312**	**6,099**	**6,099**	**5,759**	**5,353**
NON-CURRENT LIABILITIES						
PAYABLE TO CREDIT ENTITIES	2,299	2,431	1,941	1,958	1,667	1,110
OTHER INTEREST-BEARING LOANS	96	109	116	152	162	151
CAPITAL GRANTS	72	83	74	78	90	81
PROVISIONS	212	205	153	156	156	130
OTHER NON-CURRENT LIABILITIES	339	380	374	376	357	261
NON-CURRENT LIABILITIES	**3,018**	**3,208**	**2,658**	**2,720**	**2,432**	**1,733**
CURRENT LIABILITIES						
PAYABLE TO CREDIT ENTITIES	681	850	628	637	538	741
OTHER INTEREST-BEARING LOANS	29	20	19	84	90	70
OTHER CURRENT LIABILITIES	2,772	2,749	2,969	3,031	2,657	2,450
CURRENT LIABILITIES	**3,482**	**3,619**	**3,616**	**3,752**	**3,285**	**3,261**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**12,934**	**13,139**	**12,373**	**12,571**	**11,476**	**10,347**

[a] *Figures restated with changes to consolidation method for joint venture companies. Instead of being proportionally consolidated, they are now accounted for using the equity method.*

Intangible and Tangible Fixed Assets at 31 December

Millions of euros

	2013	2012	2011[(a)]	2011	2010	2009
GROSS INTANGIBLE ASSETS:	**827**	**848**	**724**	**741**	**528**	**481**
CONCESSIONS, PATENTS, LICENCES AND OTHER	91	105	78	83	75	74
SOFTWARE APPLICATIONS	179	167	168	169	156	147
OTHER INTANGIBLE FIXED ASSETS	557	576	478	489	297	260
AMORTISATION AND IMPAIRMENT OF INTANGIBLE ASSETS:	**323**	**308**	**279**	**285**	**258**	**234**
CONCESSIONS, PATENTS, LICENCES AND OTHER	49	45	41	45	43	39
SOFTWARE APPLICATIONS	143	133	134	135	125	116
OTHER INTANGIBLE ASSETS	131	130	104	105	90	79
NET INTANGIBLE ASSETS:	**504**	**540**	**445**	**456**	**270**	**247**
CONCESSIONS, PATENTS, LICENCES AND OTHER	42	60	37	38	32	35
SOFTWARE APPLICATIONS	36	34	34	34	31	31
OTHER INTANGIBLE ASSETS	426	446	374	384	207	181
PROPERTY, PLANT AND EQUIPMENT, GROSS:	**11,796**	**11,229**	**10,876**	**11,389**	**10,997**	**10,340**
LAND AND STRUCTURES	404	398	382	397	388	384
PLANT AND MACHINERY	7,334	7,008	6,853	7,324	7,171	5,901
INVESTMENTS IN AREAS WITH PROVEN AND UNPROVEN RESERVES	2,738	2,659	2,515	2,515	2,154	1,975
OTHER INSTALLATIONS, TOOLS AND FITTINGS	134	126	123	134	132	128
ADVANCE PAYMENTS AND PROPERTY, PLANT AND EQUIPMENT IN PROGRESS	556	345	296	307	460	1,248
OTHER NON-CURRENT ASSETS	628	693	707	712	692	704
DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT:	**7,295**	**6,874**	**6,282**	**6,561**	**5,928**	**5,228**
LAND AND STRUCTURES	128	119	111	116	109	100
PLANT AND MACHINERY	4,554	4,232	3,991	4,215	3,935	3,576
INVESTMENTS IN AREAS WITH PROVEN AND UNPROVEN RESERVES	2,202	2,006	1,761	1,761	1,452	1,155
OTHER INSTALLATIONS, TOOLS AND FITTINGS	104	99	93	103	96	96
OTHER NON-CURRENT ASSETS	307	418	326	366	336	301
PROPERTY, PLANT AND EQUIPMENT, NET:	**4,500**	**4,355**	**4,594**	**4,828**	**5,069**	**5,112**
LAND AND STRUCTURES	276	279	271	281	279	284
PLANT AND MACHINERY	2,780	2,776	2,862	3,109	3,236	2,325
INVESTMENTS IN AREAS WITH PROVEN RESERVES	536	653	754	754	702	820
OTHER INSTALLATIONS, TOOLS AND FITTINGS	30	27	30	31	36	32
OTHER NON-CURRENT ASSETS	321	275	381	346	356	403
ADVANCE PAYMENTS AND PROPERTY, PLANT AND EQUIPMENT IN PROGRESS	556	345	296	307	460	1,248

[(a)] *Figures restated with changes to consolidation method for joint venture companies. Instead of being proportionally consolidated, they are now accounted for using the equity method.*

Statement of Capital Employed Before Profit Distribution at 31 December

Millions of euros

	2013	2012	2011[a]	2011	2010	2009
CAPITAL EMPLOYED						
1. NET FIXED ASSETS	**5,555**	**5,577**	**5,518**	**5,640**	**5,658**	**5,671**
2. WORKING CAPITAL	**2,328**	**2,932**	**2,553**	**2,501**	**2,266**	**1,542**
NET ASSETS	**7,883**	**8,509**	**8,071**	**8,141**	**7,924**	**7,213**
3. LONG-TERM OPERATING LIABILITIES	**(623)**	**(669)**	**(572)**	**(611)**	**(604)**	**(472)**
TOTAL CAPITAL EMPLOYED	**7260**	**7,840**	**7,499**	**7,530**	**7,320**	**6,741**
CAPITAL USED						
4. TOTAL SHAREHOLDERS' EQUITY	**6,434**	**6,312**	**6,099**	**6,099**	**5,759**	**5,353**
4.1. SHAREHOLDERS' EQUITY	6,357	6,243	6,026	6,026	5,688	5,288
4.2. MINORITY INTERESTS	77	69	73	73	71	65
5. NET DEBT:	**826**	**1,528**	**1,400**	**1,431**	**1,561**	**1,388**
5.1. LONG-TERM FINANCING	2,394	2,540	2,057	2,110	1,829	1,261
5.2. SHORT-TERM FINANCING	714	870	647	721	628	811
5.3. SHORT-TERM INTEREST-BEARING LOANS	-	(124)	-	(85)	(55)	(86)
5.4. CASH AND CASH EQUIVALENTS	(2,283)	(1,758)	(1,304)	(1,315)	(841)	(598)
TOTAL CAPITAL USED	**7,260**	**7,840**	**7,499**	**7,530**	**7,320**	**6,741**

[a] *Figures restated with changes to consolidation method for joint venture companies. Instead of being proportionally consolidated, they are now accounted for using the equity method.*

Breakdown of Adjusted Capital Employed by Business Areas at 31 December

Millions of euros

	2013	2012	2011[(a)]	2011	2010	2009
ADJUSTED CAPITAL EMPLOYED						
EXPLORATION AND PRODUCTION	774	711	883	883	833	949
REFINING AND DISTRIBUTION	4,045	4,607	4,159	4,160	4,527	3,936
PETROCHEMICALS	1,181	1,247	1,303	1,295	1,054	996
GAS AND POWER	421	349	337	378	362	492
TOTAL ADJUSTED CAPITAL EMPLOYED	**6,421**	**6,914**	**6,682**	**6,716**	**6,776**	**6,373**
GAINS / (LOSSES) AFTER TAX ON VALUATION OF INVENTORIES	**839**	926	817	814	544	368
TOTAL CAPITAL EMPLOYED	**7,260**	**7,840**	**7,499**	**7,530**	**7,320**	**6,741**

[(a)] *Figures restated with changes to consolidation method for joint venture companies. Instead of being proportionally consolidated, they are now accounted for using the equity method.*

Structure of Statement of Capital Employed (Before Profit Distribution) at 31 December

Millions of euros

	2013	2012	2011[(a)]	2011	2010	2009
1. NET FIXED ASSETS	76.52%	71.14%	74.90%	74.90%	77.30%	84.13%
2. WORKING CAPITAL	32.07%	37.40%	33.21%	33.21%	30.96%	22.87%
3. LONG-TERM OPERATING LIABILITIES	(8.58%)	(8.53)%	(8.11)%	(8.11)%	(8.25)%	(7.00)%
CAPITAL EMPLOYED	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
4. SHAREHOLDERS EQUITY	88.62%	80.51%	81.00%	81.00%	103.66%	79.41%
5. NET DEBT	11.38%	19.49%	19.00%	19.00%	(3.66)%	20.59%

Profitability and Equity Ratios at 31 December

	2013	**2012**	**2011[(a)]**	**2011**	**2010**	**2009**
RETURN ON ADJUSTED CAPITAL EMPLOYED (R.O.A.C.E.) [(1)]	**5.9%**	8.6%	6.8%	6.8%	6.7%	4.6%
RETURN ON AVERAGE EQUITY (R.O.A.E.) [(2)]	**8.5%**	9.4%	10.9%	10.9%	11.6%	7.2%
ADJUSTED R.O.A.E. [(3)]	6.8%	10.5%	8.2%	8.2%	8.3%	5.5%
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY / AVERAGE NUMBER OF SHARES	**2.0**	2.2	2.4	2.4	2.4	1.4
ADJUSTED PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY / AVERAGE NUMBER OF SHARES	**1.4**	2.1	1.6	1.6	1.6	1.0
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY / TOTAL NET REVENUES FOR THE YEAR [(4)]	**2.1%**	2.1%	2.6%	2.6%	3.2%	2.3%
ADJUSTED PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY / ADJUSTED TOTAL NET REVENUES FOR THE YEAR [(5)]	**1.5%**	2.1%	1.7%	1.7%	2.1%	1.7%
AVERAGE FINANCIAL DEBT / OPERATING CASH FLOWS	**0.7**	1.7	1.3	1.3	1.7	1.3
NET INTEREST-BEARING BORROWINGS / EQUITY (GEARING)	**12.8%**	24.2%	23.0%	23.5%	27.1%	25.9%

[(1)] *Net adjusted result before interest, less operating taxes / Adjusted average Capital Employed.*
[(2)] *Profit for the year attributable to the parent company / Average equity attributable to owners of the parent company.*
[(3)] *Adjusted profit for the year attributable to the parent company / Adjusted average equity attributable to owners of the parent company.*
[(4)] *Profit for the year attributable to the parent company / Net total revenues excluding Excise Taxes.*
[(5)] *Adjusted profit for the year attributable to the parent company / Adjusted net total revenues excluding Excise Taxes.*
[(a)] *Figures restated with changes to consolidation method for joint venture companies. Instead of being proportionally consolidated, they are now accounted for using the equity method.*

Key Indicators

	2013	**2012**	**2011**	**2011**	**2010**	**2009**
BRENT CRUDE ($/BARREL)	**108.7**	111.60	111.27	111.27	79.47	61.51
EXCHANGE RATE ($/ €)	**1.328**	1.285	1.392	1.392	1.326	1.395

Glossary

RISK ANALYSIS:
Assessment of the probability of a risk occurring and study of its consequences for people, the environment and assets, with a view to its elimination or control.

BARREL
Measure of volume equivalent to 159 L.

BCM (*billion cubic metres*): Billion cubic metres.

BIODIESEL
Fuel from vegetable oils for use in diesel engines.

CATALYST:
Substance capable of increasing the speed of a chemical reaction without itself being modified, as opposed to a reagent, which is modified during the reaction.

COMBINED CYCLE
Energy generation system which combines a gas turbine cycle with a steam turbine cycle to obtain a greater output with a lower environmental impact.

CO_2
Carbon dioxide.

COGENERATION
Energy generation system which simultaneously produces heat and electricity.

CONCAWE
European oil company organisation for the protection of the environment and health.

CONVERSION
Post-distillation process in which the heaviest products, such as fuel and diesel oil, are transformed into lighter ones.

CRACKING
This involves breaking up or splitting high molecular weight hydrocarbons (fuels such as diesel oil and fuel oil) into lower molecular weight compounds (naphthas).

EMISSION RIGHTS
Permits or credits awarded to organisations which enable them to fulfil the objectives of the Kyoto Protocol and which can subsequently be sold in a regulated market.

EFFLUENT
Liquid waste which is usually discharged as a result of the various processes at a productive plant.

FARM IN
Acquisition of rights or shares in a contract.

FARM OUT
Sale of rights or shares in a contract.

SAFETY DATA RECORD:
Document aimed at customers and workers which contains the special characteristics, properties and use of a specific substance.

GEARING
Financial analysis ratio defined as the proportion between the company's fixed-interest borrowed funds and its total capital (owned and borrowed).

GJ
Gigajoule (1 billion joules). The joule is the International System unit of work, which is equivalent to the work done by a force of one Newton acting over a distance of one metre in the direction of the force.

HYDROCRACKER
Unit which makes it possible to transform heavy distillation fractions, which due to their characteristics would not be usable as fuels, into fractions of greater value (propane, butane, kerosene and diesel oil) through high-pressure catalytic processes in the presence of hydrogen.

HYDROSKIMMING
A refinery with a configuration that only includes distillation, reformation and some hydrotreatment.

FURNACES
Plant equipment that provides the heat required to manufacture products.

ISO (*International Organization for Standardization*): International Standards Organisation.

ISO 9001
Certifiable quality management regulation.

LAB
Linear alkylbenzene, the most common raw material in the production of biodegradable detergents.

LABSA
The most versatile surfactant, widely used in all kinds of detergent formulations: powders, liquids, gels, agglomerates, bars, tablets.

CLEAN DEVELOPMENT MECHANISMS (CDM)
Emission reduction projects in less developed countries within the framework of the Kyoto Protocol.

MWH
Megawatt hour. Energy unit

mmHg
The millimetre of mercury is a unit of pressure also called a 'torr' in honour of its discoverer, Evangelista Torricelli. The atmospheric pressure that surrounds us is equivalent to 760 mmHg and, as such, any pressure that is lower than this implies working in a vacuum.

NOx
Nitrogen oxide.

UNE 150008 EX STANDARD
Spanish regulation for the Assessment of the Environmental Risk at facilities where business activities are carried out, especially aimed at the industrial sector.

UNE-EN ISO STANDARD
International regulation concerning Spain.

OFFSHORE
Away from the coast or out to sea. This label is given to different kinds of activities that are performed at high sea, such as, for example, the exploitation of oil rigs

ONSHORE
Along the coastline, on land.

ILO (International Labour Organization):
ILO International :Labour Organization, an internationally recognised United Nations body promoting social justice and human and labour rights .

UNITED NATIONS
GLOBAL COMPACT
Initiative aimed at disseminating among the private sector the assumption of commitments in terms of the environment, labour, the protection of human rights and the fight against corruption.

PET
Polyethylene terephthalate. A high-quality plastic used to produce fibres with textile applications and for the manufacturing of lightweight, transparent and totally recyclable containers.

PIA
Purified Isophthalic Acid for the manufacturing of polyesters.

NATIONAL ALLOCATION PLAN (NAP) OF CO_2 EMISSION ALLOWANCES
Legislative Act which regulates the trading of greenhouse gas emission allowances (approved by the Spanish Government and which adapts European Directive 87/2003, concerning such trading, to our legal system). This is for the purpose of contributing towards the reduction of emissions which cause climate change, thus fulfilling the commitment taken on by Spain under the Kyoto Protocol.

SULPHUR PLANT
Treatment plant which recovers this product so that it may be controlled and marketed.

POOL
Wholesale electricity market. In this market, governed by the operator OMEL, electricity is purchased and sold on a daily basis.

OCCUPATIONAL
HAZARDS PREVENTION
A series of activities aimed at preventing occupational accidents, which may be due to environmental conditions at the place of work, the physical nature of the work, job conditions or conditions resulting from the organisational system of the work. Each occupational hazard has a related preventive plan to prevent it or to lessen its seriousness.

PSC
Production Sharing Contract.

PTA
Purified Terephthalic Acid. Over 90% of PTA is used to manufacture PET fibre and film.

REACH
Registration, Evaluation and Authorisation of Chemicals. A single comprehensive system established by the European Union which regulates the registration, evaluation and authorisation of chemical substances and preparations and their free circulation in the European market.

PIEZOMETRIC NETWORKS:
These are used to find out the temporary evolutions of the water potentials.

RESPONSIBLE CARE
An initiative that originated in Canada in 1985, to promote the worldwide chemical industry's commitment to sustainability, applied to all products.

COMMERCIAL RISK:
A commercial risk is understood to be the value of a customer's debt, from the moment when a marketing department acquires a commitment to supply until the date on which the debt is paid off.

SO_2
Sulphur dioxide.

SEISMIC:
Method for establishing the detailed underground rock structure by means of the detection and measurement of the impact of reflected acoustic waves on the different rock strata. It is used to locate structures which potentially contain crude oil or gas before drilling. Processing such data enables the generation of 3D images of the underground structures.

Tm
Metric tonne.

TREATMENT
Group of plants whose purpose is to adapt the products to the required specifications. This is the case with the ETBE, Alkylation and Isomerisation plants, which make it possible to obtain high-quality unleaded petrol.

HYDROGEN PLANT
High-purity hydrogen production units (greater than 99.9%). The hydrogen obtained is used in other refinery units to increase the production of diesel oils and to remove sulphur from diesel and petrol.

WASTE RECOVERY
Any procedure that enables the use of the resources contained in waste.

WORKING INTEREST
Total share of production, calculated before applying contractual terms, when Production-Sharing Contracts are involved.

WORKOVER
Any kind of intervention that involves invasive techniques at oil wells.

Main Centres and Companies of CEPSA

Centre	Address	Telephone	Fax
HEAD OFFICE:	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID	91 337 60 00	91 337 62 25
TENERIFE REFINERY	AVDA. MANUEL HERMOSO ROJAS, 3 38005 SANTA CRUZ DE TENERIFE TENERIFE (CANARY ISLANDS)	922 60 26 00	922 21 88 03
"LA RÁBIDA" REFINERY	POLÍGONO INDUSTRIAL NUEVO PUERTO 21080 PALOS DE LA FRONTERA (HUELVA)	959 37 94 00	959 37 94 23
GIBRALTAR-SAN ROQUE REFINERY	PUENTE MAYORGA, S/N 11360 SAN ROQUE (CÁDIZ)	956 02 30 00	902 10 22 06

Subsidiaries	Address	Telephone	Fax
ASFALTOS ESPAÑOLES, S.A. (ASESA)	C/ ORENSE, 34 4ª PLANTA. 28020 MADRID	91 597 04 65	977 54 06 06
ATLAS S.A. COMBUSTIBLES Y LUBRICANTES	C/ PLAYA BENITEZ, S/N. 51004 CEUTA	956 52 20 55	956 50 26 54
C.M.D. AEROPUERTOS CANARIOS, S.L.	POLÍGONO INDUSTRIAL VALLE DE GÜIMAR MANZANA XIV, PARCELAS 17 Y 18 38509 GÜIMAR - SANTA CRUZ DE TENERIFE	922 50 53 47	922 50 53 80
CEDIPSA, CIA. ESPAÑOLA DISTRIBUIDORA DE PETRÓLEOS, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 301 87 32	91 368 26 16
CEPSA AVIACIÓN, S.A.	CAMINO DE SAN LÁZARO, S/N 38206 LA LAGUNA (TENERIFE)	922 31 44 64	922 25 09 40
CEPSA CARD, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	902 32 21 10	91 337 76 66
CEPSA CHEMICAL (SHANGHAI), CO., LTD	Nº 201, 2F, 118 HEZHAN RD. SHANGHAI CHEMICAL INDUSTRIAL PARK SHANGHAI. CHINA	91 337 60 00	91 725 41 16
CEPSA CHIMIE BÉCANCOUR, INC.	5250 BOULEVARD BECANCOUR. G9H 3X3 BECANCOUR QUÉBEC CANADA	00 1 819 294 14 14	00 1 819 294 26 26
CEPSA CHIMIE MONTREAL, S.E.C.	10200 EAST SHERBROOKE STREET. H1B 1B4 MONTREAL - QUÉBEC CANADA	00 1 614 645 78 87	00 1 514 645 91 15
CEPSA COLOMBIA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 72 10	91 337 72 15
CEPSA COMERCIAL CENTRO, S.A.	C/ HERNÁNDEZ DE TEJADA, S/N. 28027 MADRID	91 507 06 06	91 786 13 71
CEPSA COMERCIAL NOROESTE, S.L.	AVDA. DE LOS REYES LEONESES, Nº 14 5º D EDIFICIO EUROPA. 24008 LEÓN	987 87 64 11	987 23 50 31
CEPSA COMERCIAL PETRÓLEO, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 75 58
CEPSA CONVENIENCIA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 62 25
CEPSA E. P., SOCIEDAD ANÓNIMA	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 72 10	91 337 72 15
CEPSA EP ESPAÑA, S.L.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 70 00
CEPSA GAS COMERCIALIZADORA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	902 41 64 16	91 337 96 48
CEPSA GAS Y ELECTRICIDAD, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 95 33

Subsidiaries	Address	Telephone	Fax
CEPSA INTERNATIONAL B.V.	BEURS - WORLD TRADE CENTRE - OFFICE 668 BEURSPLEIN 37. 3011 AA ROTTERDAM. THE NETHERLANDS	31 (0) 10-2053950	31 (0) 10-2053955
CEPSA ITALIA, S.p.A.	VIALE MILANOFIORI PALAZZO A/6. 20090 ASSAGO- MILAN ITALY	00 39 02 824 2186	00 39 02 824 2180
CEPSA OLEO E GAS DO BRASIL, LTDA.	RUA DO CARMO, N° 43 9° ANDAR. RIO DE JANEIRO. BRAZIL	21 2211 0011	
CEPSA OPERACIONES MARINA-AVIACIÓN, S.A.	AVDA. DE ANAGA, N° 21 38001 SANTA CRUZ DE TENERIFE (TENERIFE)	922 28 30 02	922 27 30 09
CEPSA PANAMÁ, S.A.	C/ 50 EDIFICIO BANCO ALEMÁN 6° PISO CIUDAD DE PANAMÁ. REPUBLIC OF PANAMA	00 507 214 77 09	00 507 214 83 00
CEPSA PERÚ, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 72 10	91 337 72 15
CEPSA PORTUGUESA PETROLEOS, S.A.	RUA GENERAL FIRMINO MIGUEL, N° 3 TORRE 2 2° ANDAR. 1600-100 LISBON PORTUGAL	00 351 21 721 76	00 351 21 727 52 69
CEPSA QUÍMICA CHINA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 70 00
CEPSA QUÍMICA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 725 41 16
CEPSA SURINAME, S.L.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 70 00
CEPSA TRADING, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 70 00
CEPSA UK, LTD.	AUDREY HOUSE 16 - 20 ELY PLACE. EC1N 6SN LONDON. UNITED KINGDOM	44 207 831 27 88	44207 831 27 97
CEPSA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 70 00
COGENERACIÓN DE TENERIFE, S.A.U. (COTESA)	AVDA. MANUEL HERMOSO ROJAS, N° 3. 38005 SANTA CRUZ DE TENERIFE (TENERIFE)	922 60 26 70	922 60 26 14
COMPAÑÍA LOGÍSTICA DE HIDROCARBUROS CLH, S.A.	C/ TITÁN, N° 13. 28045 MADRID	91 774 60 00	91 774 60 01
DETEN QUIMICA, S.A.	RUA HIDROGENIO 1744 COMPLEJO INDUSTRIAL. 42810-010 CAMAÇARI BAHÍA. BRAZIL	00 55 13 63 43 200	00 55 71 36 34 51 56
GENERACIÓN ELÉCTRICA PENINSULAR, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 95 33
HESS (RHOURDE EL ROUNI) LIMITED	2nd FLOOR, MIDTOWN PLAZA, PO BOX 448, GRAND CAYMAN KY1-1106	91 337 72 10	91 337 72 15
MEDGAZ, S.A.	MUELLE DE PONIENTE, S/N. 04002 ALMERÍA.	950 18 29 00	950 18 29 01
NUEVA GENERADORA DEL SUR, S.A.	AVDA. SAN LUIS, N° 77 EDIFICIO C 4ª PLANTA. 28033 MADRID. SPAIN	91 210 78 77	91 567 60 88
PETRÓLEOS DE CANARIAS, S.A. (PETROCAN)	EXPLANADA DE TOMÁS QUEVEDO, S/N. 35008 LAS PALMAS DE GRAN CANARIAS (GRAN CANARIA)	928 45 35 35	928 45 35 63
PRODUCTOS ASFÁLTICOS, S.A. (PROAS)	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 71 27	91 337 71 33
PROPEL-PRODUTOS DE PETROLEO, L.D.A.	AVDA. COLUMBANO BORDALO PINHEIRO, 108-3°. 1070-067 LISBON PORTUGAL	00 35 121 724 93 60	00 35 121 727 52 69
RED ESPAÑOLA DE SERVICIOS, S.A. (RESSA)	P° DE LA CASTELLANA, 176. 28046 MADRID SPAIN	93 253 40 00	93 280 52 29
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA, S.A.	TORRE CEPSA PASEO DE LA CASTELLANA, 259A 28046 MADRID*	91 337 60 00	91 337 70 00
SOCIETAT CATALANA DE PETROLIS, S.A. (PETROCAT)	AVDA. DIAGONAL N° 605,4 T 6A. 08028 BARCELONA	93 400 50 70	93 405 14 06

** The change of head office is effective as from 1 July 2014.*

This report describes the activities of CEPSA and of the subsidiaries in which CEPSA has management responsibility, the results obtained in 2013, its strategy and its contribution to social development and well-being. Its contents are complemented by the information available on the Company's website www.cepsa.com and the Group's other corporate publications. Any queries concerning the document will be attended to by the Communication and Institutional Relations Division at the Group's head office.

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