

SUSTAINABILITY
REPORT
2004



R E S P O N S I B L E G R O W T H





C O N T E N T S

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L E T T E R F R O M T H E C H A I R M A N

“Training, awareness and commitment are essential to achieve a significant level of compatibility between the industry and its environment”

I can assure you that respect for and care of the environment have always been among CEPSA's top priorities. In 1989, CEPSA created an executive management team to incorporate these principles into the Company structure via an integrated system shared by all subsidiaries and business areas. This was the beginning of the Environmental Protection, Safety and Quality Area in CEPSA.

CEPSA established criteria to guarantee the appropriate management of natural resources to avoid upsetting the ecological balance. It promoted investments in projects at the forefront of this area and the use of “clean” technologies.

This experience has taught us that although it is useful to standardise practices and establish rules and guidelines, the most important ways to ensure compatibility between industry and the environment are through training, raising awareness and commitment.



At CEPSA we are aware that the sector in which we operate is subject to increasing demands, which are not only legal, and acknowledge existing concerns on nature preservation, human rights, employment, education, child labour and corruption, inter alia. Through our actions, we hope to show that we as a Company share these concerns and that our contribution is founded on the rational use of resources, establishing ethical standards of conduct and promoting economic growth which is compatible with the environment.

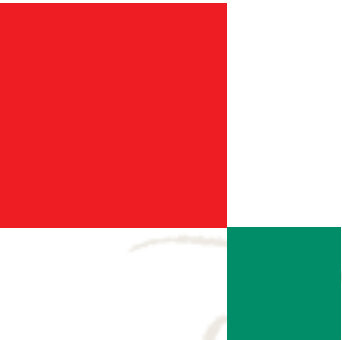
This report has been prepared based on the 2002 GRI guide and presents a balanced and reasonable account of the social and environmental efforts of our organisation.

This year's report also intends to follow up certain social and environmental actions made public by CEPSA in its first report which form part of the ongoing activities and projects carried out by the Company to strengthen its commitment to sustainable development. This process, which we understand as an ongoing quest for improvement, includes CEPSA's adhesion to the ten principles set out in the United Nations Global Compact.

You may recall that on publication of our first report I stated that this was an ongoing journey rather than a milestone and that our aim was to make the world a better place each day. We have embarked on that journey and I sincerely believe that we have made great progress and will continue to do so in the future.

Once again I am delighted to set forth our values, commitment and way of working in this report.

Carlos Pérez de Bricio
Chairman of CEPSA



C E P S A ' S C O M M I T M E N T T O

Service, reflected in the commitment to sustainable development, has been a key attribute of CEPSA's culture since the company's foundation in 1929



S U S T A I N A B L E D E V E L O P M E N T



CEPSA came into existence over seventy-five years ago. It goes without saying that long-standing companies are those which are best able to understand and respond to social, business and market requirements at any given moment. Today, these demands relate to questions such as the adequate management of the environmental impact from business activity and the welfare of employees or local communities.

Society's new expectations from companies are especially intense in sectors such as that in which CEPSA operates. In these circumstances, the best way to be in harmony with society is to adapt organisations, policies, processes and technological capacities to the changing needs and demands of the community. This, in fact, is what CEPSA understands as its commitment to sustainable development and corporate responsibility.

CEPSA embarked on the road towards sustainable development 15 years ago, implementing policies and programmes to meet growing challenges and identifying new solutions to new problems such as global warming. The commitment was undertaken in the model released last year through the publication of the first Sustainability Report and reflected a two-fold objective:

- To develop a common culture reflecting the historic values of CEPSA's corporate culture and to harmonise and bring them to light throughout the organisation.
- From an external perspective, to publicise CEPSA's understanding of its role in society. To demonstrate CEPSA's commitment to responsible management wherever it operates.

CEPSA's commitment to sustainable development is founded on three main concepts.

A COMPANY COMMITTED TO RESPONSIBLE GROWTH

CEPSA is a growing company generating employment and wealth. Its commitment is to create value not only for its shareholders, but also for its customers, employees, suppliers and society as a whole. This commitment requires an efficient organisation responding to challenges using the correct lines of action. The organisation must be able to attract and nurture talented individuals, developing technology to satisfy customers' needs whilst rising to the challenges posed by today's society and competitive markets.

A COMPANY COMMITTED TO INNOVATION IN THE AREA OF SUSTAINABILITY

CEPSA strives to innovate and develop new solutions in line with society's expectations.

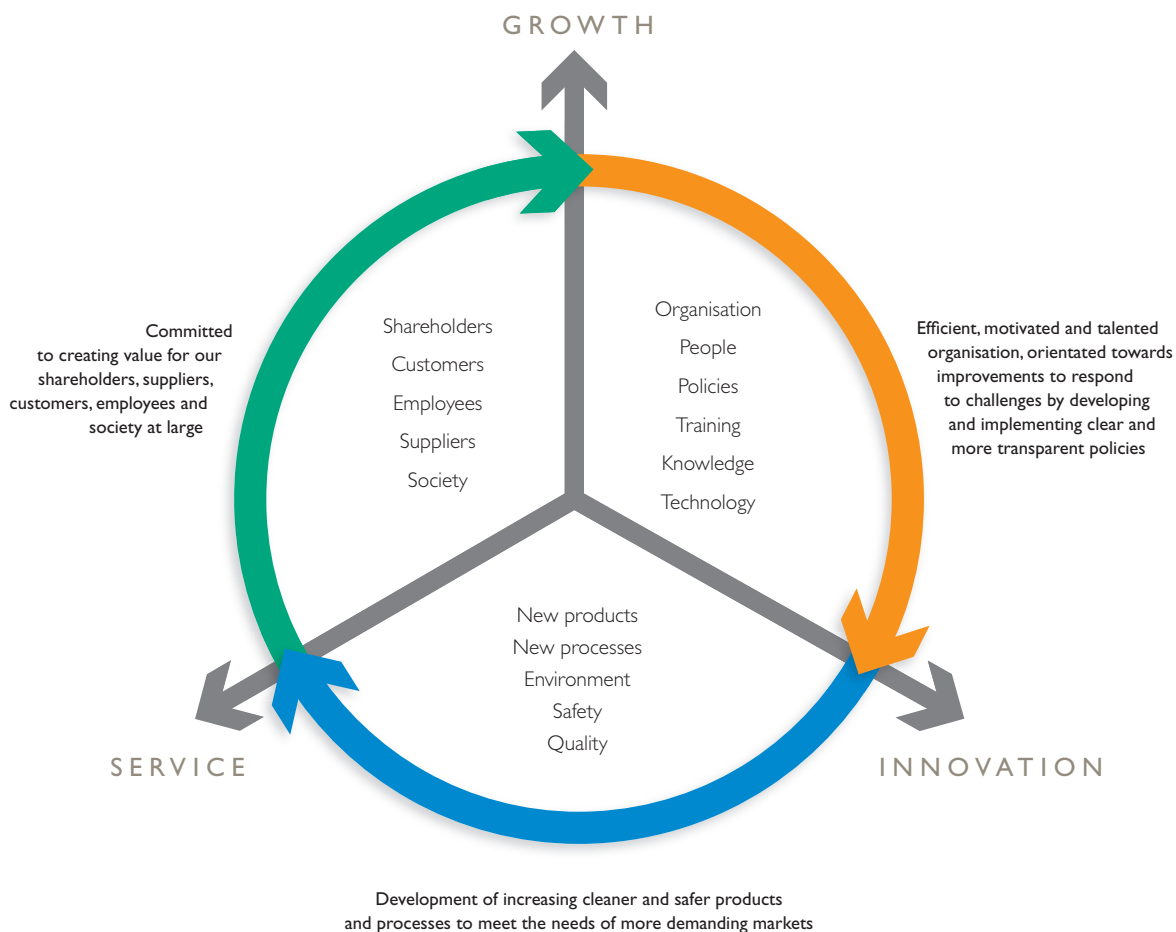
CEPSA's innovation emphasises the development of new and improved processes and products which are more environmentally friendly. Cleaner fuels, more biodegradable raw materials for detergents and lighter and safer butane bottles are just some of the improvements achieved. Sustainable innovation also means keeping in mind that the needs of our customers and the health of all those around us and of future generations are the most important challenges facing CEPSA today.

The best way to ensure harmony with society is to adapt organisations, policies, processes and technological capacities to its needs and expectations

A COMPANY COMMITTED TO SERVICE AND WELFARE

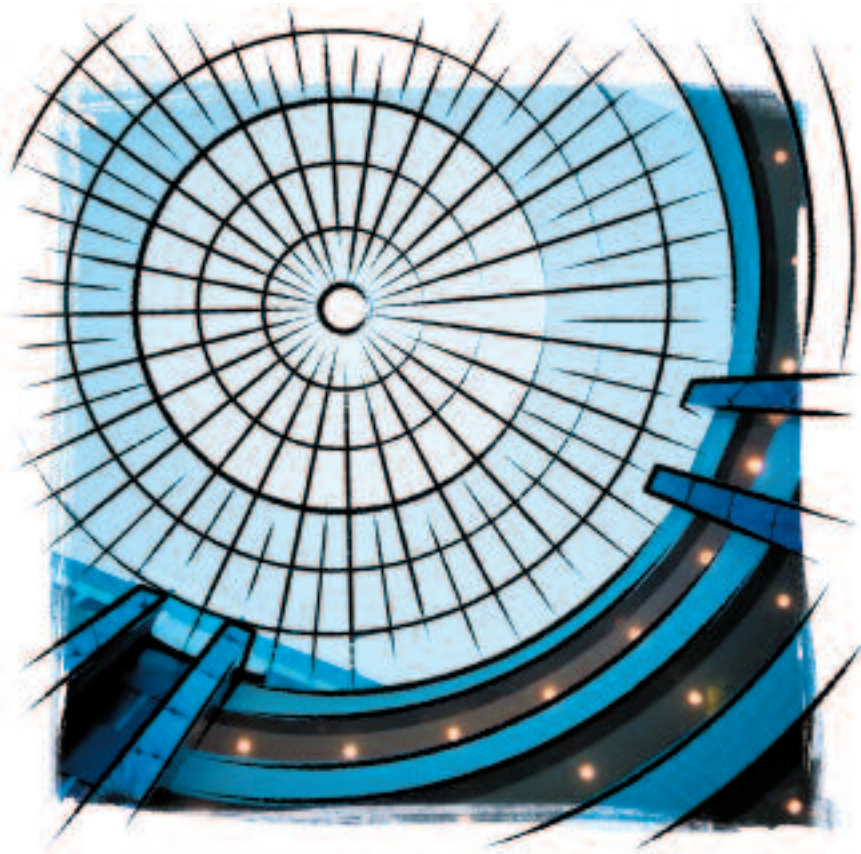
For CEPSA, service is a vocation, focused on the welfare and prosperity of the societies in which it operates and the groups with which it interacts. This dedication to service is evident from the focus

on the customer in a number of programmes, campaigns and communication channels aimed at this purpose. The commitment to the environment is also shown through collaboration with initiatives and products centred on social cohesion, environmental protection and the promotion of healthier lifestyles.





CEPSA's demonstrates its commitment to the environment through its actions. The needs and expectations of the groups with which it interacts are inherent to its operations and activities



C E P S A ' S P O L I C I E S

In the first Sustainability Report, CEPSA published a list of its main stakeholders and their primary characteristics. These include shareholders, investors, customers, employees, suppliers and the communities in which the Company operates. The report also describes the fundamental characteristics of these groups and efforts carried out during the year, providing indicators to help evaluate the Company's commitment through their satisfaction.

Based on experience and knowledge of the business, the analysis carried out to identify priority stakeholders allowed CEPSA to prepare its sustainability model and formalise its commitment to sustainable development, grounded on the Company's mission and outlook which forms part of its culture and vocation.

The ultimate objective is for improved management of CEPSA's social, economic and environmental aspects to step up its competitive position. This requires formalisation of operational guidelines with the different stakeholders and formal policies.

CEPSA considers formal policies as lines of action applicable to the whole organisation, arising naturally as a result of the Company's culture and commitment to stakeholders and sustainable development. Such internal policies are also the result of verifying the importance of process management which are prior (materials, transport, suppliers, etc.) and subsequent (product characteristics, life cycle, etc.) to those of the organisation. Internal policies thereby include certain initiatives surrounding the management of raw materials and development of products to curb the negative impacts of consumption and production.

As described throughout the present report, there are certain general guidelines which, in the form of policies, condition CEPSA's practices vis-à-vis its stakeholders.

SHAREHOLDERS AND INVESTORS

"In order to create value and to safeguard the interests of its shareholders and investors:



- *CEPSA adopts the main corporate governance recommendations prevailing in the markets in which it operates, and*
- *Is guided by transparency of information, which is the fundamental rule in relationships with shareholders, investors and financial markets in general."*

CUSTOMERS

"CEPSA's customers must be able to obtain products and services which provide a tangible benefit. CEPSA's relationships with customers are guided by the following principles:

- *Quality, understood as the improvement and optimisation of products and services*
- *Customer service and satisfaction*
- *Product health and safety*
- *Protection of customer privacy and accuracy of information provided to them"*

EMPLOYEES

"CEPSA aims to satisfy the needs of its professionals, who comprise one of the main assets of the Company and are the engine driving its growth. CEPSA's relationship with its employees reflects the following four values:

- *Training and professional development*
- *Health and safety*
- *Job satisfaction*
- *Commitment to universal ethical values."*

CEPSA seeks to enhance the social cohesion and prosperity
of the communities where it operates

SUPPLIERS

“Companies working with CEPSA are essential to guarantee the quality of its products and services to ensure the safety and efficiency of its facilities. CEPSA’s relationships with its suppliers are based on collaboration and are founded on three main principles:

- *Transparency of purchasing and procurement policies*
- *Mutual benefit, prosperity and stable relations*
- *Compliance with regulations and social and environmental awareness”.*

SOCIETY

“CEPSA aims to contribute to social cohesion and the prosperity of the communities in which it operates. Therefore, the Company:

- *pays special attention to relationships with social organisations*
- *participates voluntarily in community projects contributing to social and environmental progress*
- *encourages activities which promote healthy lifestyles.”*

ENVIRONMENT

“The Company’s activities are based on the active management of environmental issues offering the market attractive and competitive products and services causing minimum risk to the environment. This commitment is founded on certain fundamental guidelines:

- *Environmental protection and safety*
- *Setting commitments and priorities*
- *Environmental management and certification, and eco-efficiency*
- *Environmental dialogue and training*
- *Investment in the environment.”*

CEPSA’s commitment is also demonstrated by its subscription to or support of voluntary and external¹ principles and initiatives. These include Responsible Care, the EFQM Excellence Model, and the different

quality management or safety, hygiene and environmental management systems. Given that CEPSA operates in highly regulated sectors, caution is employed at all times; i.e. products are prepared with safety records.

CEPSA also participates and collaborates with business organisations and institutions related to the energy sector; including, on an international scale, its vice-presidency of the European Petroleum Industry Association (EUROPIA) and membership of the European association for environment, health and safety in oil refining and distribution (CONCAWE) and the Observatoire Méditerranéen de l’Energie (OME), which encompasses the most important energy companies operating in the Mediterranean area.

Within Spain, CEPSA is a member of the Spanish Federation of Chemical Industries (FEIQUE) the Spanish Association of Oil Product Operators (AOP) and the Spanish Energy Club, the presidency of which is held by CEPSA. The Company also participates in the Spanish Confederation of Business Organisations (CEOE), as well as in a number of Chambers of Commerce.

CEPSA is also a founding member of the Excellence in Sustainability Club.

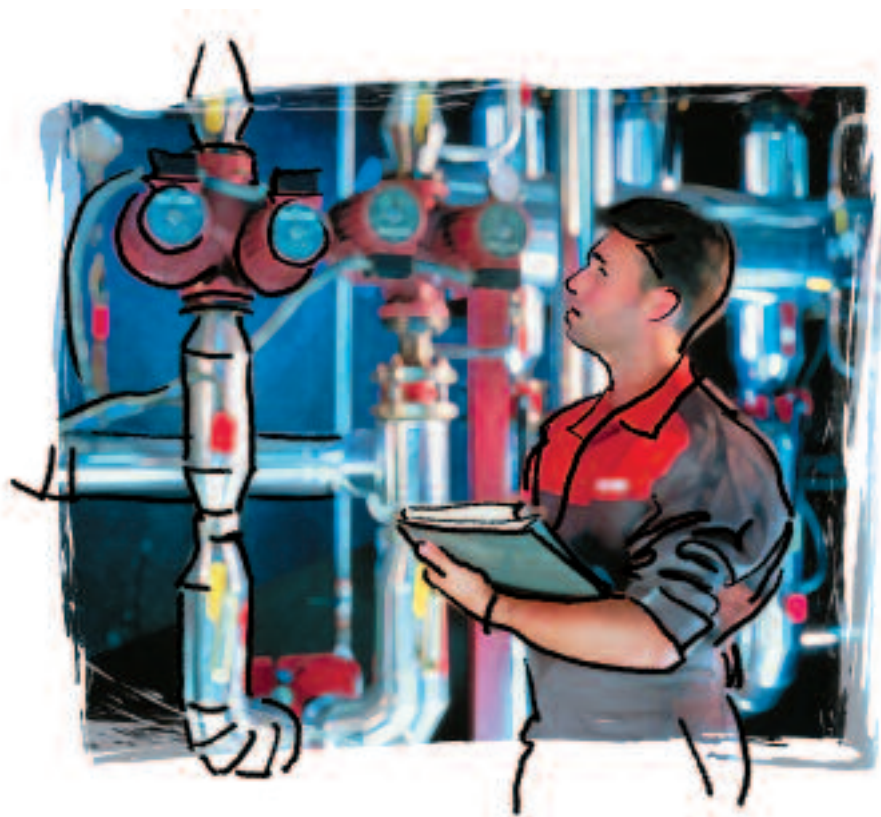
¹ In early 2005, CEPSA publicly subscribed to the principles set out in the United Nations Global Compact, undertaking to combat corruption as set out in the programme.



C E P S A ' S P R O F I L E



CEPSA is a growing company, leading the way in investments and projects. Its activities, in which gas and electricity play an important role, centre on the world of energy, with oil as its core business



MAIN INSTALLATIONS *

PRINCIPALITY OF ANDORRA

12 service stations

SPAIN

3 refineries

3 petrochemical plants

5 cogeneration plants

Combined cycle electric power generation plant

8 asphalt terminals

8 petrochemical product storage installations

Lubricant refinery

11 liquefied petroleum gas bottling and storage installations

Bitumen refinery

1517 service stations

PORTUGAL

MATOSINHOS AND SETÚBAL

Storage facilities

170 service stations

MOROCCO

AGADIR

Marine fuels storage installation

10 Estaciones de servicio

NETHERLANDS

ROTTERDAM

Petrochemical product storage facilities

EGYPT

WESTERN DESERT AND GULF OF SUEZ

Crude oil exploration

ALGERIA

CUENCA DE BERKINE

Crude oil exploration and production

CUENCA DE TIMIMOUN

AND CUENCA DE BÉCHAR

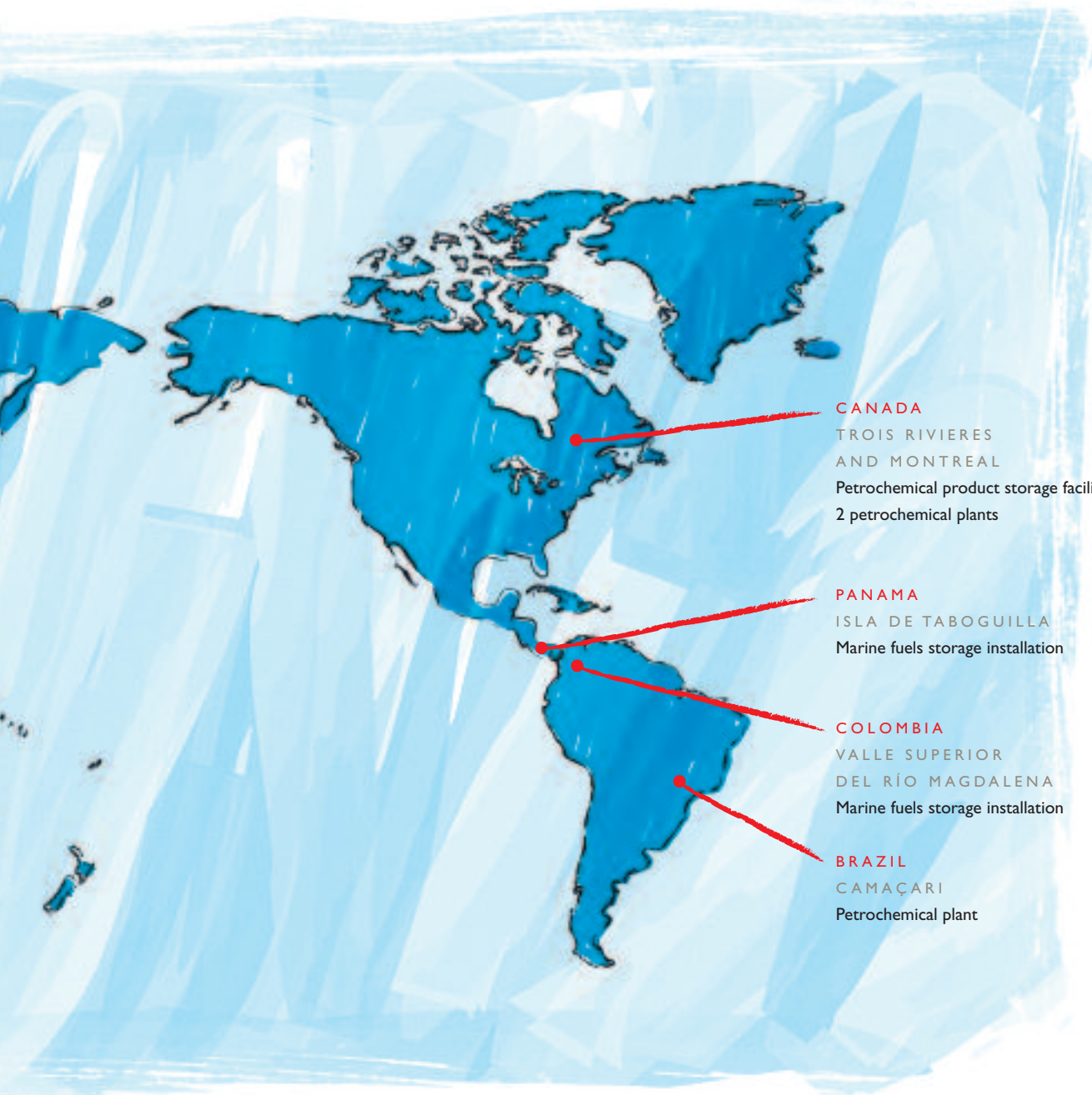
Natural gas exploration

ITALY

LIVORNO AND GÉNOVA

Petrochemical product storage facilities

* Installations in which CEPSA is present, regardless of the interests it holds.



CANADA
TROIS RIVIERES
AND MONTREAL
Petrochemical product storage facilities
2 petrochemical plants

PANAMA
ISLA DE TABOGUILLA
Marine fuels storage installation

COLOMBIA
VALLE SUPERIOR
DEL RÍO MAGDALENA
Marine fuels storage installation

BRAZIL
CAMAÇARI
Petrochemical plant

CEPSA operates in the energy sector, mainly in oil and petrochemicals and has a growing interest in natural gas and electricity. The Company has a notable presence in Spain and is progressively internationalising its activities in Algeria, Brazil, Canada, Colombia, Egypt, Panama and Portugal, marketing its products throughout the world.

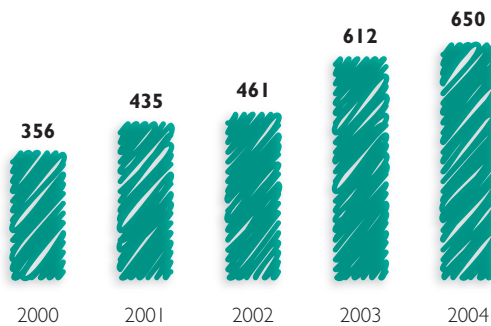
CEPSA's activities cover the entire oil value chain, from exploration and production to the marketing of oil derivatives. The petrochemicals area produces raw materials for the manufacture of a wide range of products used, inter alia, in the food, pharmaceutical, chemical, plastic and textile industries.

Over 10,500 qualified professionals work daily at CEPSA to ensure that its business objectives are met.

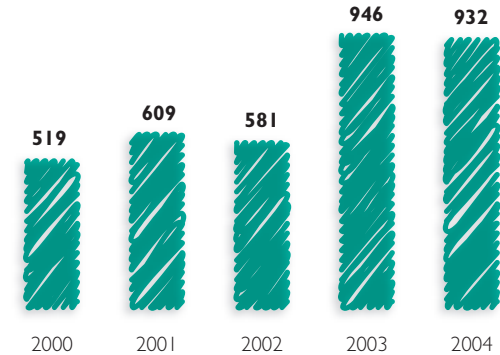
CEPSA firmly believes that it is possible to generate wealth and be a socially responsible company at the same time. Its mission statement describes it as **“a competitive energy and petrochemicals company committed to society, the environment and customer satisfaction.”**

In line with this commitment, CEPSA's corporate outlook is **“to be responsible in managing resources and in all initiatives geared towards shareholders, customers and society overall.”**

PROFIT AFTER TAXES
Millions of euros



OPERATING PROFIT
Millions of euros



Thousands Euros

SALES BY MARKET *	2004		2003		2002	
	PRODUCTS	SERVICES **	PRODUCTS	SERVICES **	PRODUCTS	SERVICES **
NET SALES						
Spanish market	11,291,304	114,959	11,226,185	121,107	9,478,715	93,715
EU market	2,072,410	5,735	1,102,029	6,538	1,076,551	4,403
Global market	1,051,844	151,301	574,875	168,551	783,800	21,609
TOTAL	14,415,558	271,995	12,903,089	296,196	11,339,066	119,727

* Excludes sales of own crude oil.

** Storage and distribution services, service station services, creation and operation of cards.

OIL AND GAS EXPLORATION AND PRODUCTION

CEPSA carries out exploration and production activities in Spain, Algeria, Colombia and Egypt. The Company has reserves of nearly 200 million barrels.

In Spain, the Company has an interest in the Casablanca oil field off the coast of Tarragona.

CEPSA operates two crude oil fields in Algeria (RKF and Ourhoud), along with two natural gas exploration blocks (Timimoun and Béchar).

In Colombia, CEPSA participates in four blocks, one of which operates minor oil fields and three of which are under exploration.

The Company has acquired an interest for two crude oil exploration licences in Egypt.

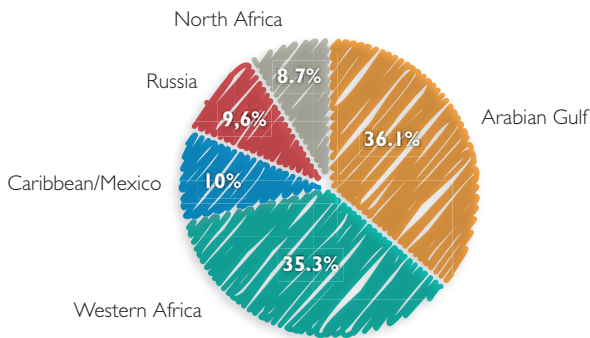
SUPPLY AND REFINING

CEPSA processes approximately 21 million tonnes of crude oil in its installations each year.

In order to meet the needs of its customer base, CEPSA has acquired approximately seven million tonnes of finished products, especially diesel and fuel oil.

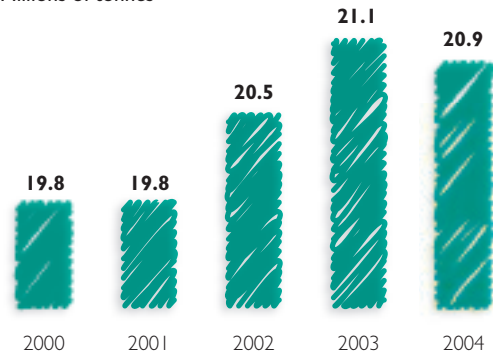
Crude oil is processed by CEPSA's three refineries (two in Andalusia and one in the Canary Islands), which have a total distillation capacity of 21.5 million tonnes, more than one-third of the total capacity in Spain.

SOURCE OF CRUDE OIL



DISTILLED CRUDE OIL

Millions of tonnes



Ourhoud oil field in Algeria.



"La Rábida" refinery control room.



CEPSA service station network.

The optimisation model applied to the Company's operations maximises synergies between the three refineries.

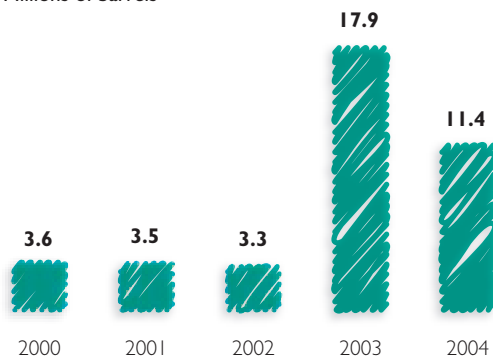
COMMERCIALISATION

CEPSA sells approximately 30 million tonnes of products each year; including butane, propane, oil, fuel for ships and aeroplanes, lubricants, paraffin and asphalt. Commercial activities are carried out through own sales channels as well as an extensive network of subsidiaries in Spain and abroad.

The service station network comprises more than 1,700 sales outlets.

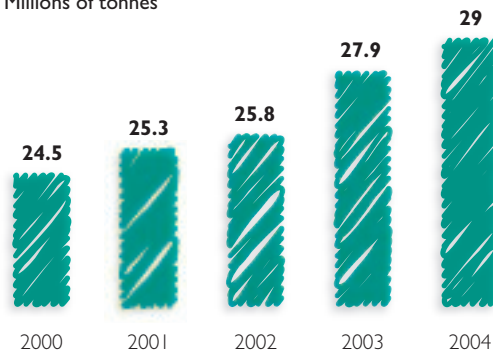
CRUDE OIL SALES

Millions of barrels



PRODUCTS SOLD*

Millions of tonnes



* Excluding crude oil sales from the Algerian oil fields.

PETROCHEMICALS

CEPSA has petrochemical manufacturing plants in Spain, Brazil and Canada, and sells petrochemical derivatives around the world.

The petrochemicals area manufactures and sells more than 4 million tonnes of products each year.

This activity is highly integrated with the refining area and is marked by ongoing technological advancement and strict quality controls.

NATURAL GAS

In line with its aim to enlarge and diversify its energy supply, CEPSA has intensified activities in the natural gas market, commercialising and distributing this product in a number of autonomous communities in Spain.

CEPSA also promotes the development of natural gas supply networks through its interest in the company MEDGAZ, which plans to build a gas pipeline linking Algeria to Europe, via Spain.

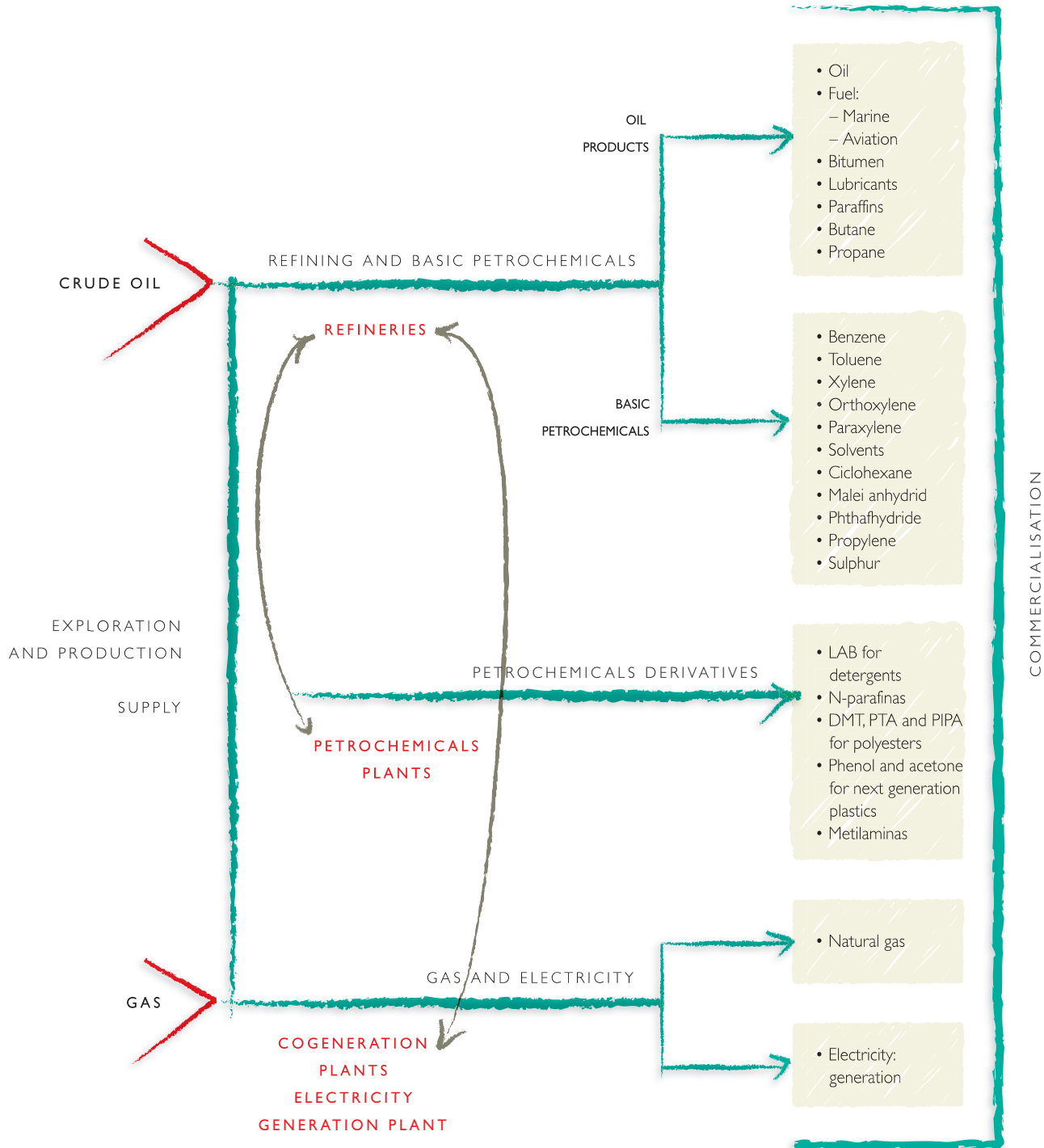
ELECTRICITY

In order to optimise the energy used in refineries and industrial facilities, CEPSA has installed cogeneration plants for the simultaneous production of electricity and steam, which is also the most efficient system from an environmental standpoint.

CEPSA also owns 50% of a gas-fired combined cycle power generation plant, with a capacity of 800 MW.

CEPSA's activities cover the whole value chain for oil, from exploration and production to marketing of oil derivatives

CEPSA'S ACTIVITIES





CEPSA's activities create value not only for its shareholders but also for its clients, employees, suppliers and local communities, thereby benefitting society as a whole



O U R O R G A N I S A T I O N

COMMITMENT TO THE CREATION OF VALUE

Through its various production activities and range of services, CEPSA generates economic value which is subsequently distributed between different groups. Consequently, flows of resources are generated between the Company and different stakeholders which help to create value for the communities where the Company operates.

SHAREHOLDERS

To optimise transparency of financial information, different communications channels have been established for shareholders and investors to provide information of interest to the community in a quick and efficient manner. These channels include the shareholder service department located at the Company's registered offices or which are available at the freephone telephone number 900 101 282 or e-mail: oficina.accionista@cepsa.com, the investors relations department, also at the head offices or at e-mail: relaciones.inversores@cepsa.com and the "Information for shareholders and investors" section on CEPSA's webpage www.cepsa.com.

CONTRIBUTION OF VALUE



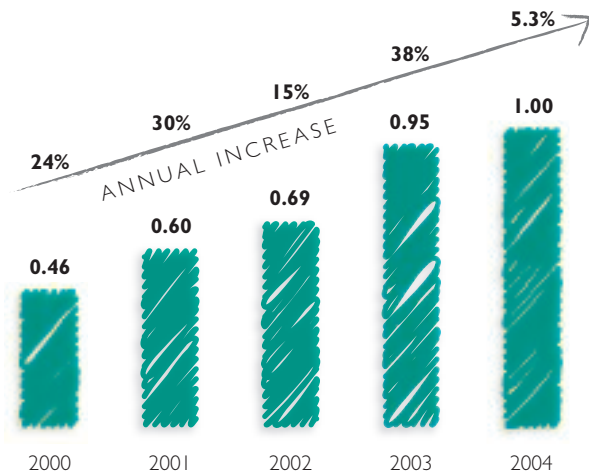
CEPSA passes on a portion of the value created to its shareholders, distributed as dividends.

The 2004 dividend is the equivalent of a payout of 41% of consolidated profit and the average trading price for 2004 represents profitability of 3.52%.

This ongoing growth in dividends distributed strengthens CEPSA's equity situation to carry out its business consolidation and growth strategy.

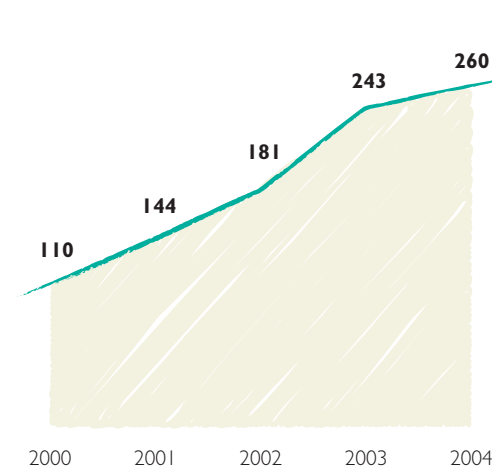
DIVIDEND EVOLUTION

Euros per share



DIVIDENDS DISTRIBUTED

Millions of Euros



CEPSA's process for creating value varies in form for its different interest groups

The market recognises CEPSA's track record, represented by ongoing growth in value.

By taking trading over the last five periods as a reference for comparative purposes, the value of CEPSA shares has increased by 204% compared to the slump in the Ibex 35 and the Madrid Stock Exchange Index, down 22% and 4.90%, respectively.

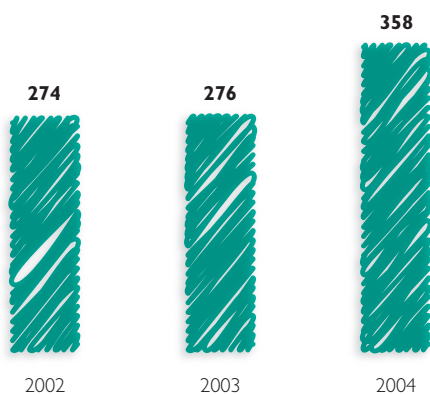
During 2004 shares equivalent to 3.28% of share capital have been traded with 100% liquidity.

At the 2004 close, market capitalisation totalled Euros 7,947 million, with a year-on-year increase of Euros 589 million. Net earnings per share rose to Euros 2.43, up Euros 0.14 on the prior year.

On 26 September 2003 Banco Santander Central Hispano issued a takeover bid for a maximum amount of 42,811,991 CEPSA shares, equivalent to 16% of its share capital, at Euros 28 per share. This represented a premium of Euros 4.12 per share in relation to the prior day's closing price. According to reports

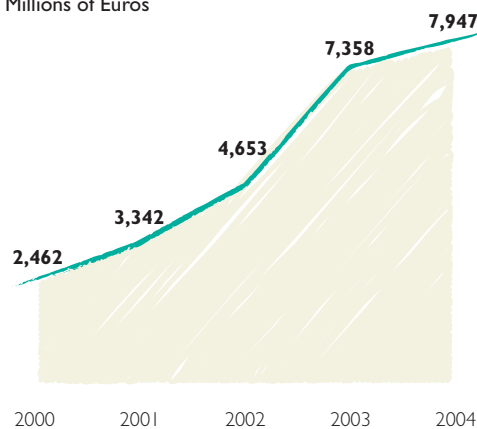
PROFIT FOR THE YEAR TAKEN TO RESERVES

Millions of Euros



STOCK MARKET CAPITALISATION AT 31 DECEMBER 2004

Millions of Euros



	2004	2003	2002
PRICE (EUROS PER SHARE)			
High	30.90	28.68	19.14
Low	25.50	17.10	12.43
Average	28.37	25.67	16.58
Closing	29.70	27.50	17.39
TRADING			
Number of shares (million)	8.80	91.30 *	53.20
Effective value (millions of Euros)	249.40	2,349.50 *	883.70
STOCK MARKET RATIOS			
Dividend/average price (%)	3.52	3.70	4.16
Average price/net profit per share (PER)	11.68	11.22	9.63
Average price/Cash flow per share (PCF)	7.12	6.48	5.71

* Includes the effect of the takeover bid by Banco Santander Central Hispano on 26 September 2003.

to the National Securities Market Commission of 26 November 2003, relevant issue number 46,067, the offer was accepted for 32,461,948 shares, representing 12.13% of the share capital of CEPSA. Between 1990 and 1996 Elf (Société Nationale Elf Aquitaine, S.A.) SCH (Banco Santander Central Hispano, S.A. or; where applicable, Banco Central Hispanoamericano, S.A. and Banco Central Hispano, S.A.) and in certain cases CEPSA, entered into various agreements relating to the latter company, including parasocial agreements. Following announcement by Total, these agreements were published on the National Securities Marketing Commission's webpage as a significant issue. At the 2004 close, Total and SCH were in disagreement regarding the efficiency of these agreements subsequent to enforcement of law 26 of 17 July 2003, and have referred this dispute to the Netherlands Arbitration Institute in The Hague. No ruling had been passed at the date of publication of this document.

SOCIETY

CEPSA generates value in the communities in which it carries out its activities. The process is as follows: CEPSA contributes to public funds through the different taxes paid in compliance with its legal obligations. Therefore, the tax table below does not include payments of other taxes which do not represent a cost for CEPSA, as in the case of VAT. As regards special taxes, it should be taken into account that the Company acts as a collector, recording these as a cost for the year and as income by the amount net of sales.

Value for society is also generated indirectly through investments which contribute to improved levels of social welfare, i.e. through job creation.

CEPSA also places products and services on the market which favour economic development and improve the standards of living in the communities where it operates, whilst generating value for its customers.

TAXES

Millions of Euros

	2004	2003	2002
Special tax on oil	2,169	2,143	2,052
Local taxes	37	27	24
Income tax	340	326	97

INVESTMENTS

Millions of Euros

	2004	2003	2002
Exploration and Production	58	67	236
Refining, Distribution and Marketing	402	306	242
Petrochemistry	29	71	219
Technology, Gas and Cogeneration	40	33	3
Corporation	10	8	9
Total	539	485	709

CEPSA'S EMPLOYEES

CEPSA employees are remunerated for their work in accordance with a number of factors:

- The type of work carried out by the company to which services are provided
- The added value which the employee's work contributes to the financial profit deriving from the Company's activity
- Personal merit
- Fulfilment of individual and group objectives.

CEPSA also offers its employees different social benefits such as pension plans and insurance to meet family, economic or health requirements and also grants loans at low interest rates, granting advances and guarantees and personalised retirement plans.



Workers at the "Gibraltar" refinery.

SYSTEMS USED FOR STAFF ASSESSMENT

MANAGEMENT AND MIDDLE MANAGEMENT

Objectives Systems:

- Professional Performance Management
- System of Management by Objectives

Monitoring new employees

REST OF STAFF

With Collective Labour Agreement:

- Professional Development Bonus

Without Collective Labour Agreement:

- Evaluation of Professional Performance

Monitoring new employees

PERSONNEL EXPENSES

Thousands of Euros

	2004	2003	2002
Wages and salaries	315,429	297,805	276,886
Pension contributions and charges	11,344	2,275	12,395
Other social charges	93,356	101,759	91,090
Total	420,129	401,839	380,371

SUPPLIERS

Suppliers and contractors are essential to achieve business targets and are responsible for part of CEPSA's success. Consequently, bilateral relationships are based on transparency and mutual benefit.

CEPSA fully complies with all the terms of remuneration and deadlines agreed in contracts. The form of payment most commonly used by CEPSA in Spain is that of confirmed bank payment. This system allows suppliers to collect their invoices in advance, based on their financial needs, through a paying bank appointed by CEPSA, whilst also benefiting from the inherent advantages of this system, such as not having to resort to discount facilities, and availing of beneficial rates compared to market, etc.

The most crucial suppliers are those of crude oil and oil derivatives. The largest supplier of these raw materials accounted for less than Euros 1,000 million, i.e., 10% of consolidated purchases. Given the size of CEPSA, it is estimated that purchases from a specific state never exceed 5% of GDP.

CEPSA applies a system of standardisation to its suppliers taking social and environmental aspects into consideration. The process involves legal compliance with tax and labour issues and Social Security obligations; other requirements involving environmental management systems and quality, health and safety (Regulation OSHAS 18000). Finally, requirements are established concerning insurance for work-related and industrial accidents (general responsibility and accidents policy).

COST OF RAW MATERIALS AND GOODS ACQUIRED AND ALL SERVICES CONTRACTED

Millions of Euros

	2004	2003	2002
Purchases	9,322	8,068	7,206
Transport and Fleets	443	387	296
Projects, supplies and external services	1,048	977	900
Other administrative costs	8	8	6
Environmental costs	8	13	12
Total	10,829	9,453	8,420

REMUNERATION OF CAPITAL SUPPLIERS

Millions of Euros

	2004	2003	2002
Financial costs of remunerated debt *	20.3	24.0	32.8
Dividends paid to shareholders			
Parent company shareholders	254.2	235.5	161.2
Minority shareholders in subsidiaries	5.7	7.9	19.6
Subtotal dividends	259.9	243.4	180.8
Total	280.2	267.4	213.6

* Net cost accrued in the period exclusively caused by interest rates contracted with banking and non-banking financial suppliers.



In relation to the remuneration of capital suppliers, financial markets have helped to lower interest rates in recent years. Both this and the reduction in debt have led to a decrease in financial costs deriving from the remunerated debt recoverable by CEPSA.

In contrast, dividends have risen steadily as a result of the Company's good results.

CUSTOMERS

CEPSA creates value for its customers by developing and commercialising useful products and services which satisfy their needs and expectations. Value generation results from day-to-day efforts to meet increasingly extensive and complex requirements of customers.

The emphasis on product quality and safety, ensuring efficiency and concern for the environment, together with excellence in customer service, reflect the efforts made and results obtained by CEPSA in creating value for its customers.

Range of CEPSA lubricants.



STRUCTURE At 31 December 2004 the share capital of CEPSA, subscribed and fully paid, amounted to Euros 267,574,941, distributed in 267,574,941 ordinary bearer shares, held through book entries, at a nominal value of one Euro each. All the shares have the same voting and profit-sharing rights and are listed on the four Spanish stock exchanges in the electronic market system.

THE OPERATING STRUCTURE OF CEPSA GUARANTEES THAT BUSINESS OBJECTIVES ARE OBTAINED

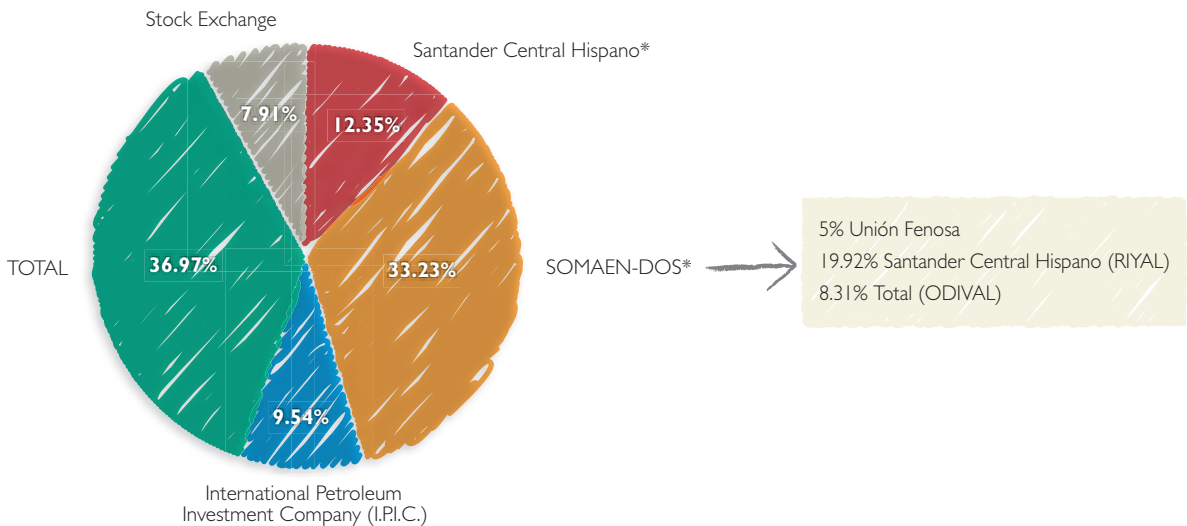
The organisational structure of CEPSA focuses on achieving its business objectives, which centre on the generation of value for its shareholders, satisfaction for its customers and its commitment to sustainability.

The CEPSA bodies responsible for proper governance of the Company are²:

- The Shareholders
- Board of Directors and delegated committees thereof:
 - Executive committee
 - Audit committee
 - Appointments and remunerations committee
- Management committee

The duties of CEPSA's Board of Directors include the supervision and administration of the Company's policies and risk control systems, paying special attention to environmental risks. Systems have been identified and established to control risks related to atmospheric emissions, dumping in water, soil and groundwaters, as well as those resulting from the exploration and production of crude oil.

CEPSA SHAREHOLDERS



* Pending ruling by the Arbitration Court of The Hague.

² More information on the bodies forming the operative structure of CEPSA is available at www.cepsa.com > Quienes somos > Inf. Accionistas e Inversores > Gobierno Corporativo.

CEPSA's organisational structure ensures that its objectives and commitments are met.

The board of directors and management committee oversee strategy and business operations

GENERAL MEETING OF SHAREHOLDERS

At June 30, 2005

BOARD OF DIRECTORS

The maximum number of members is 30 and the minimum is 10.

Currently the Board of Directors is made up of 19. Board Members meet every two months.

HONORARY CHAIRMAN

Mr. Alfonso Escámez López

CHAIRMAN AND MANAGING DIRECTOR

Mr. Carlos Pérez de Bricio Olariaga ■ ■

VICE-CHAIRMEN

Mr. Jean-Paul Vettier (Total) ■ ■

Mr. Alfredo Sáenz Abad (SOMAEN-DOS) ■ ■

BOARD MEMBERS

H.R.H. Carlos de Borbón-Dos Sicilias (Independent)

Mr. Nasser Ahmed Alsowaidi (I.P.I.C.)

Mr. José Luis Leal Maldonado (SOMAEN-DOS)

Mr. Mohamed Nasser Al Khaily (I.P.I.C.) ■ ■

Mr. Juan Rodríguez Inciarte (SOMAEN-DOS)

Mr. Ernesto Mata López (SOMAEN-DOS)

Mr. Vincent Méary (Total) ■

Mr. Pierre Klein (Total) ■

Mr. Menno Grouvel (Total) ■

Mr. Jacques Porez (Total)

Mr. Fernando de Asúa Álvarez (SOMAEN-DOS) ■

Mr. Jean Privey (Total)

Mr. Antonio Basagoiti García-Tuñón (SOMAEN-DOS)

Ms. Bernadette Spinoy (Total)

Mr. Dominique de Riberolles (SOMAEN-DOS)

Mr. José Manuel Otero Novas (Independent)

SECRETARY OF THE BOARD, EXECUTIVE COMMITTEE AND THE AUDIT COMMITTEE

Mr. Fernando Maravall Herrero

VICESECRETARY OF THE BOARD, EXECUTIVE COMMITTEE AND THE AUDIT COMMITTEE

Mr. Alfonso Escámez Torres

■ EXECUTIVE COMMITTEE

Chairman: Mr. Carlos Pérez de Bricio Olariaga

The maximum number of members is 10 and the minimum is 3. Meets on a monthly basis.

■ AUDIT COMMITTEE

Chairman: Mr. Mohamed Nasser Al Khaily

Comprises 3 non-executive directors. Meets every three months.

■ APPOINTMENTS AND REMUNERATIONS COMMITTEE

Chairman: Mr. Carlos Pérez de Bricio Olariaga

Comprises 3 directors. Meets at least once a year.

MANAGEMENT COMMITTEE

Chairman: Mr. Carlos Pérez de Bricio Olariaga

Executive Director and General Manager of Petroleum Planning, Control and Trade:

Mr. Dominique de Riberolles

General Manager of Exploration and Production, and Corporate Management:

Mr. Fernando Maravall Herrero

Technical General Manager: Mr. Manuel Abollado del Río

Petrochemical Manager: Mr. Fernando Iturrieta Gil

Manager of Materials, Bunker and Aviation: Mr. José María Múgica Barreiro

Manager of Human Resources and Legal and Equity Issues: Mr. Juan Rodríguez Fidalgo

Advisors:

Specialities Manager: Mr. José Eulogio Aranguren Escobar

Fuels and Petroleum Manager: Mr. Francisco Calderón Pareja

Refining and Planning Manager: Mr. Ignacio Gómez Martínez

Exploration and Production Manager: Mr. Pedro Miró Roig

Institutional Relations Manager: Mr. Carlos Alcázar López

Secretary: Mr. Juan Manuel Ferreras Prieto

CEPSA MANAGEMENT COMMITTEE

This is an internal department led by CEPSA's Chairman. The main functions of the management committee are the preparation of work documents and analysis of the factors underlying the Company's productivity, investments and results. The committee adopts executive decisions in all areas expressly delegated by the Board of Directors.

The committee includes representatives from the following management areas:

■ General Management of Oil Planning, Control and Trade

- Promotes CEPSA's outlook and corporate objectives.
- Leads preparation of the Company's strategic plan.
- Defines, establishes and develops budgetary, administrative and accounting policies, criteria and guidelines.
- Prepares the strategy, operations and organisation of the businesses in the oil area.

■ General Management of Exploration and Production and Corporate Management

- Develops the strategy for oil exploration and production.
- Develops the strategy for financial and information resources.
- Defines CEPSA's purchases and contracting policy
- Leads development of the "Medgaz" project³.
- Oversees fiscal policy

■ Technical General Management

- Develops strategy and carries out operations in the area of Refining, Planning and Logistics.
- Heads Engineering and Development Management.
- Prepares guidelines for research and the selection of cutting-edge technology.
- Establishes guidelines for policies on environment, safety and quality.
- Directs the policy of production, purchase and sale of electricity and promotes the natural gas business.

■ Materials, Bunker and Aviation

- Develops strategy in the aviation and marine fuels businesses
- Defines policies for raw materials of crude oil and by-products.
- Directs maritime transport policies and contracting.

■ Human Resources, Legal and Equity Issues

- Defines human resources plans and policies.
- Leads development of human resources through integrated activities of recruitment, training, evaluation of potential, promotion and development.
- Manages CEPSA's legal services and property assets.

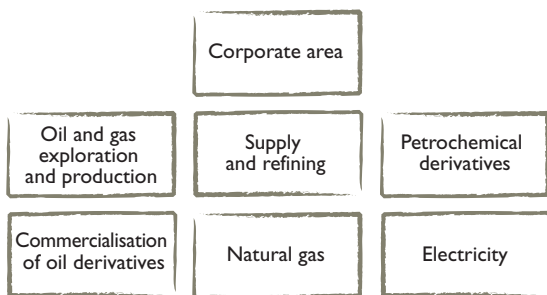
■ Petrochemical

- Develops strategy for businesses in the Petrochemicals area.
- Establishes and directs operations of more suitable businesses, within its field of responsibility
- Manages integration of operations in the Petrochemicals area with the rest of CEPSA's areas.

³ Company engaged in the promotion, construction and operation of a gas pipeline between Algeria and Europe via Spain.

COMMITMENT TO OUR PEOPLE

CEPSA's employees are distributed in six general lines of business, supported by a corporate area.



At year end, the headcount of all the companies in which CEPSA holds more than a 50% interest was 10,534 employees, reporting a net increase of 235 employees compared to the prior year. Of these, 84.78% had permanent contracts.

CEPSA's growth and performance, as well as the strategic direction of its economic activities and businesses, have generated situations where restructuring and optimisation of resources was required. However, in no cases did the Company submit a redundancy plan or resort to obligatory redundancies. These situations have been resolved by recycling personnel and transferring them to other activities, always with the collaboration of the staff through liaisons with their legal and trade union representatives.

CEPSA's Human Resources department is responsible for defining, implementing and overseeing plans and policies for personnel planning, recruitment, administration and development, to ensure that the organisation adapts to the Company's strategic requirements. The department's respective functional units pursue the mission of making CEPSA an organisation:

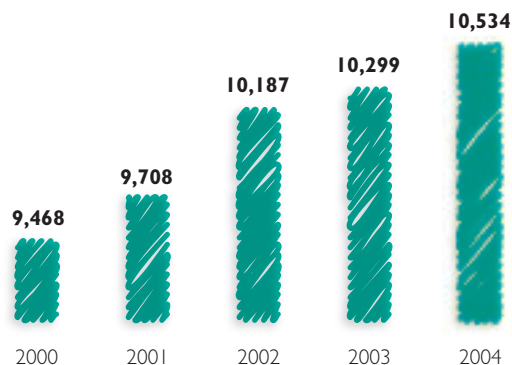
- Equipped with personnel with the appropriate values, abilities and potential to fit into the organisation and carry out their assigned tasks,

while respecting prevailing legislation and the ethical and moral commitments assumed by management.

- In which personnel have the opportunity for training and personal and professional growth.
- With close-knit communication between management and employees.
- In which employees receive fair and suitable remuneration on the basis of their duties and responsibilities.
- Concerned with other aspects of personal development, such as promoting a balance between the professional and private lives of employees even after retirement, enabling systems to ensure that employees maintain a comfortable standard of living after they have stopped working.

This mission has been made a reality thanks to the values which have traditionally formed the backbone of CEPSA's culture and which are inherent in its policies and the day-to-day management of its employees.

HEADCOUNT



DISTRIBUTION OF HEADCOUNT PER TYPE OF CONTRACT

	AÑO 2004		AÑO 2003		AÑO 2002	
	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE
Permanent	8,931	85	8,825	86	8,599	84
Temporary	1,603	15	1,474	14	1,588	16
Total Headcount	10,534	100	10,299	100	10,187	100

PERSONNEL TRAINING AND DEVELOPMENT

CEPSA considers that personnel training and development are strategic factors to achieving its objectives of innovation and improvement in processes and products. It also believes that this is mutually beneficial for both the Company and its employees. Consequently, its Plans and Programmes for Professional Development and Annual Training Plans are focused on professional training and improvement of skills as well as constant awareness of safety, quality and respect for the environment.

TRAINING

Training is a responsibility shared between the employee and the Company and directly involves the functional managers with whom the Annual Training Plans are drawn up.

The main objectives pursued by CEPSA through its Training Plans are as follows:

- Ongoing adaptation to the technical contents of jobs through improvement in necessary skills and qualifications.
- Prevention of possible adverse effects on the health of employees or the environment, ensuring that installations are operated correctly.

In 2004 CEPSA's employees received over 463,000 hours of training⁴, 70% of which was internal and the remaining 30% was outsourced. These figures represent an increase of 2.2% compared to the training provided in 2003.

CEPSA has placed special emphasis on training programmes focused on safety, quality and prevention of work-related risks. The latter area accounts for 20% of all the training given.



Workers at the "La Rábida" refinery.

⁴ For consultation of the objectives and details of CEPSA's training initiatives in 2004, please see Appendix A.

TRAINING PER EMPLOYEE CATEGORY

	NUMBER OF EMPLOYEES			AVERAGE NO. OF TRAINING HOURS *		
	2004	2003	2002	2004	2003	2002
Managers and Heads of Departments	695	689	674	27.5	18.8	18.0
Engineers and graduates	1,429	1,309	1,245	92.4	25.1	24.7
Technical engineers	1,557	1,598	1,484	49.5	32.6	31.4
Specialists	6,124	6,016	5,869	35.6	55.0	52.7
Assistants	729	687	915	23.7	10.8	8.5
Total	10,534	10,299	10,187			

* Average number of training hours per year received per professional.

The Company regularly evaluates the results of its training activities, which in 2004 yielded the following:

- Improved safety of personnel and installations.
- Awareness of environmental impact.
- Better labour relations and promotion of team work.
- Development of the employee's capacity to achieve optimum professional performance.
- Implementation of new systems at work centres, such as the environmental or quality management systems.
- Increased capacity for adaptation to changes in external and internal environments.
- Optimisation of processes.



Training rooms in Madrid.



Dining room at the "La Rábida" refinery.

DISTRIBUTION OF HEADCOUNT BY AREA OF ACTIVITY

	2004		2003		2002	
	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE
Oil	8,235	78	8,129	79	8,168	80
Petrochemicals	1,531	145	1,515	15	1,452	14
Other	768	7	655	6	567	6
Total Headcount	10,534	100	10,299	100	10,187	100

DEVELOPMENT

CEPSA defines, designs and manages individualised professional development plans and programmes for different professional groups. The Development and Training area prepares and manages these plans in close collaboration with the relevant line of activity and in accordance with the Company's objectives and employees' expectations.

One of the main characteristics of Human Resources management at CEPSA is the priority given to internal promotions when covering vacancies in the organisation. This is one of the aspects most valued by employees. CEPSA's initiatives and culture are aimed at retaining its professionals and its success is demonstrated by the low rates of external recruitment.

CEPSA's Strategic Plan forecasts investment of over Euros 3,500 million over the next five years. Existing

activities will be consolidated, new job-creating projects will be launched and employees will enjoy new opportunities for professional development.

EMPLOYEE SAFETY AND HEALTH

CEPSA prioritises and extends maximum support to the prevention of work-related and industrial risks, as a strategy and as a means of protecting the integrity and health of potentially affected employees, as well as installations, production and the environment.

Maximum prevention of and protection against risks, particularly in relation to serious accidents, forms one of CEPSA's top priorities. The level of protection achieved is in line with the Company's activities and general policy and is based on compliance with prevailing legislation and application of a management system founded on the principle of continuous improvement.

ACCIDENT/ ABSENTEEISM* RATES

	2004	2003	2002
Number of occupational accidents	179	193	205
Accident frequency rate ¹	9.58	10.83	12
Accident severity rate ²	0.59	0.21	0.28
Rate of absenteeism due to common illness (%) ³	3.6	3.31	3.64
Absenteeism (%) ⁴	5.09	4.69	5

* Own personnel data.

¹ Number of accidents with absenteeism per million hours worked.

² Number of calendar days lost due to accidents or absenteeism per thousand hours worked.

³ Number of hours of absenteeism due to common illness per theoretical working day each year.

⁴ Number of hours of absenteeism per theoretical working day each year.

The CEPSA team is composed of able and motivated people and work relations are founded on trust and mutual benefit

SAFETY TRAINING

	2004	2003	2002
Safety training (hours)	159,067	47,091	12,162
Number of participants	6,424	4,714	2,631
Fire safety training (hours)	24,478	11,891	7,714
Participants in practical fire safety training course (employees)	4,243	3,900	3,165

CEPSA considers that issues of health and safety in the workplace should be inherent in the training, development, selection and valuation of management and be integrated at every hierarchical level of the organisation.

HEALTH AND SAFETY TRAINING

CEPSA is making a significant effort to constantly raise awareness of the importance of safety in the workplace and to train and inform employees regarding prevention of operational risks. The Company firmly believes in the importance of incorporating safety awareness into the entire production system and the need to install state-of-the-art safety systems which should be used appropriately at all times. Furthermore, it has intensified training in occupational risk prevention for technical personnel (e.g. operators, maintenance managers, production supervisors, engineers). In the last three years, the number of hours dedicated to training and emergency practice drills has been boosted and therefore related skills have been gained by an increasing number of staff.

HEALTH AND SAFETY MANAGEMENT

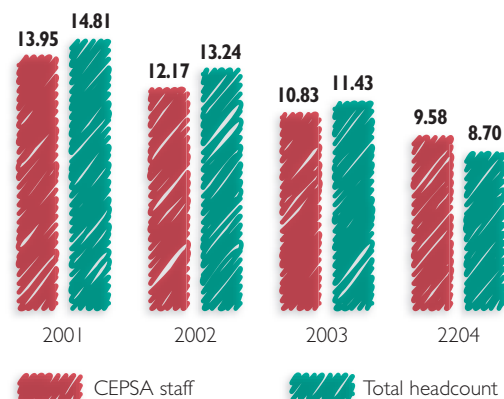
In July 2002 CEPSA implemented a global, multi-year plan to lower the Company's accident rate (accidents causing absenteeism per million hours worked) with the ultimate objective of zero accidents. Since then, the rate has been reduced beyond the targeted 35%, with a decrease of 41% for the Company's own as well as contracted personnel.

In 2003 CEPSA started up a programme to obtain certification by a third party, based on the OHSAS 18001 specification. This involves an annual evaluation

of the health and safety conditions for people working at the Company's installations, considering both own personnel and outsourced services. CEPSA's three refineries and two of its petrochemical plants had achieved this certification by the end of 2004⁵. The Company aims to continue certifying its health and safety programmes.

CEPSA has engaged in further initiatives to reinforce safety conditions in the workplace, placing particular emphasis on the fundamental role of a preventative culture among all employees. This is reflected by such measures as inspections at installations, reviews by supervisors of work performed, the annual internal audit plan, organisation of the annual "CEPSA Safety" awards and health and safety seminars.

ACCIDENT RATE



⁵ To consult the occupational health and safety certifications held, please see Appendix D.

SEVERITY AND ACCIDENT RATES

	SEVERITY RATE			ACCIDENT RATE		
	2002	2003	2004	2002	2003	2004
Oil	0.12	0.48	2.20	6.08	6.57	2.26
Petrochemicals	0.23	0.16	0.13	6.38	9.18	7.53
COASHIQ*	0.44	0.35	0.34	12.51	10.91	10.56

* COASHIQ: Comisión Autónoma de Seguridad e Higiene en el Trabajo de Industrias Químicas y Afines (Committee for Safety and Hygiene in the Workplace for Chemical and Similar Industries).

To reduce the number of project-related accidents, activities carried out include the following: materials to be incorporated at installations are checked from the perspective of protecting the health and safety of employees, eliminating, for example, asbestos and other potentially carcinogenic substances. Analyses are carried out to avoid, to the greatest extent possible, situations of uncontrollable risk arising during the construction and assembly of plants. Materials from excavations and demolitions are also analysed to determine whether they are pollutants and if so, are treated as such.

The Company evaluates the risk of serious accidents resulting from its activities. The risk is quantified and its influence on the employees working in the plant and those residing in adjacent populations is analysed. The appropriate mitigating measures are taken to prevent the effects of accidents extending beyond the plant.

The annual report on the activity of the Company's Own Prevention Services reflects the initiatives carried out in areas such as risk evaluation, corrective measures, controls over work conditions, audits or emergency



Fire fighting drill and partial view of "La Rábida" medical services.

drills, as well as the preventative measures planned for the following year.

CEPSA monitors health and safety indicators by means of accident reports published on a monthly, quarterly and annual basis.

The Company's employees participate by means of health and safety committees, membership of which is on an equal basis. The committees convene every two months and are attended by employee representatives to discuss the Company's accident prevention initiatives. Each work centre with more than fifty employees has a health and safety committee. At smaller centres, prevention officers carry out equivalent duties.

Apart from its involvement in professional associations (FEIQUE, COASHIQ, AOP, etc.), CEPSA collaborates with the Spanish government on development of new legislation relating to industrial safety.

JOB SATISFACTION

A SHARED CULTURE

Employees play an active role in CEPSA's business project by contributing their own ideas, suggestions and opinions. CEPSA regularly examines different job satisfaction indicators, through measurement of various ratings and carrying out studies and surveys to gauge the working climate. CEPSA's Intranet is an information and communication tool increasingly used by employees, as are the different suggestion boxes which cover various areas of the activity such as quality, safety, the environment, production processes or new ideas.

Some of these initiatives, such as that relating to the environment, have led to the creation of an annual award for the suggestion with the best practical application. In 2004, the prize was awarded to an employee who submitted a proposal for recycling the waters at phenol plants. The proposal represented a saving of approximately 4,000 cubic metres of water per year, as well as generating other positive synergies for the plant. Irrespective of the saving achieved, CEPSA considers that these small improvements proposed by



Workers at the Madrid offices.

employees increase their involvement in different processes whilst improving the level of awareness of such issues in different fields.

CEPSA's employee representatives are regularly updated on the Company's general performance. On a quarterly basis, they receive information on purchases, production, sales, investments and different employment indicators.

CEPSA also has a policy aimed at extending the working life of its employees to the ordinary retirement age, thereby favouring the culmination of professional careers of workers who are at their peak, with maximum levels of experience and specialisation. Mechanisms are established to transfer this knowledge to new generations before such individuals retire from the Company. As a result, CEPSA taps the full potential of new appointments whilst optimising the added value obtained through employees' long-standing job occupation and the complete development of professional careers.

CEPSA's employees enjoy an extensive tradition of cultural events during their working lives and when they retire. Different private associations are legally incorporated at work centres with statutory activities consisting of promoting cultural, sport, leisure and social activities.

Each year, with the help of CEPSA's economic and organisational support, these associations hold the "Community Games", an occasion for employees to get together and enjoy themselves. Held at a different Company location each year, in 2004 the "XIX Community Games" took place in Lisbon (Portugal). 300 people took part in a programme of different sporting activities, cultural visits and excursions. The climax of the event was the traditional dinner, at which medals were awarded to the winners of the different competitions.

REMUNERATION

CEPSA's salaries are regularly compared against those of its sector and surroundings so as to constantly maintain a competitive remuneration structure and value in the labour market.

FIXED AND VARIABLE REMUNERATION

GROUPS INVOLVED	APPLIED FORMULA
Executive and Middle Management	Individual fixed remuneration. Variable remuneration based on target accomplishment.
Rest of Employees	<p>Industrial Group Fixed remuneration based on salary scales. Variable remuneration based on Company profit/centre and on the evaluation of professional performance.</p> <p>Commercial Group Fixed individual remuneration. Variable remuneration based on target accomplishment or the evaluation of personal performance.</p>

DIALOGUE AND COLLECTIVE BARGAINING

At CEPSA, collective bargaining is based on dialogue aimed at ensuring that all interests are reconciled. This premise is essential in order to maintain a labour-relations model based on long-term labour agreements and confidence between those involved. The model is at the heart of the CEPSA culture, reflected by the coexistence of multi-year collective labour agreements and periodic and programmed contact with representatives, thereby updating contents while providing a constant channel for the communication and resolution of the labour related issues which arise.

In accordance with its respect for freedom of association, the work conditions of almost 100% of CEPSA's employees are regulated by collective labour agreements agreed with trade unions and employee representatives. Of these, 42% of staff are subject to a company collective agreement, that is, one negotiated directly by representatives directly appointed by the employees. The rest are subject to collective agreements which are above company level in which representations are designated indirectly, with the participation of trade unions. CEPSA is indirectly involved in the negotiation of collective labour agreements for the service station and chemical

industry sectors (affecting 47% of personnel), through employers' organisations in which it is represented.

Processing of collective labour agreements necessarily involves inspection by the administration authority from the relevant field of work, to ensure that the agreement meets minimum legal requirements and respects fundamental rights and public liberties.

Demonstrating this policy, in 2004 collective labour agreements were signed for CEPSA's "La Rábida" refinery, ATLÁNTICO, PETROSUR, CEPSA AVIACIÓN and CMD, with a minimum validity period of four years, and no working hours were lost as a result of labour disputes⁶.

⁶ For details on CEPSA's distribution per Collective Labour Agreement, please see Appendix C.

DISTRIBUTION OF EMPLOYEES REPRESENTED BY TRADE UNIONS

	2004		2003		2002	
	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE
With Representatives	9,485	90	9,476	92	9,430	93
Without Representatives	1,049	10	823	8	757	7
Total headcount	10,534	100	10,299	100	10,187	100

BALANCE OF PRIVATE AND PROFESSIONAL LIFE

CEPSA has introduced mechanisms and programmes to allow practically all of its professionals to enjoy both a satisfactory professional career and a full life outside work.

CEPSA's collective labour agreements have incorporated new legislation regarding reconciliatory practices, to raise awareness of these practices and increase their application. These initiatives allow CEPSA to grant its workers leaves of absence and permission to attend to the needs of their children and families.

In terms of maternity leave, CEPSA pays 100% of the fixed and variable salaries of female employees, through corresponding supplementary benefits to those offered by Social Security. Pregnant employees are also granted certain flexibility and licence. Risk evaluations include an analysis of the nature and extent of female employees who are pregnant or have recently given birth. Furthermore, parents of children under six years of age are entitled to take days off to attend to their children, recoverable through flexi-time.

In addition to its medical services, CEPSA also offers a Social Assistance and Orientation service, which

administers specific assistance funds for employees with children who are disabled or have drug-related problems, amongst others. Employees are informed personally of the coverage and assistance available to them as established by law and by CEPSA.

OTHER SOCIAL BENEFITS AT CEPSA

Aside from the measures implemented to improve the balance between employees' private and professional lives, CEPSA makes other social benefits available.

Some of the most common benefits offered to employees by CEPSA include life insurance, occupational accident insurance, medical insurance and insurance for accidents occurring outside work.

Health care and monitoring

Looking after the health of CEPSA employees is a key aspect of human resources management and a wide range of resources, activities and practices are assigned for this purpose. From a preventative viewpoint, CEPSA assumes full responsibility, under the umbrella of its Own Prevention Services, for the speciality of Health Awareness. The human resources and finances required for Basic Health Care Units are therefore available

OTHER IMPORTANT INITIATIVES IN THE AREA OF EMPLOYMENT

- Recruitment to promote permanent and temporary employment
 - Unemployed women between 16 and 45 years
 - Unemployed men between 16 and 30 years
 - Registered unemployed for at least six months
- Transformation of temporary contracts to permanent
 - Temporary
 - Internships
- Recruitment of the unemployed disabled
 - Initial permanent contract
 - Temporary contract
- Partial retirement contract and substitution contract

within the organisation to take care of the employees who require their services.

Own medical services at work centres not only carry out obligatory medical check-ups, based on the risk evaluations of each post, but also provide the possibility of immediate medical attention and assistance, in the form of internal consultation, and even the possibility of dispensing medicines with official prescriptions, in collaboration with the Social Security in accordance with prevailing agreements.

As established by its collective labour agreements, CEPESA's medical services also provide all employees with specific financial benefits to defray payment for medical examinations, thereby allowing illnesses to be diagnosed more quickly than they might be through Social Security, with supplements available to ensure the best and fastest recovery assistance.

Through its association with one of the sector's leading national medical insurance companies, CEPESA has access to a medical assistance network providing advanced treatments for illnesses and rehabilitation to ensure physical and psychological recovery.

Apart from the public medical assistance network, the Company's own medical services and those offered by

the mutual insurance company, employees can also join private health insurance networks.

Social Security benefits in the event of illness or accident are supplemented by the Company to ensure that employees maintain an adequate level of income.

The Company regularly organises health information, blood donation and vaccination campaigns as well as courses on health care, giving up smoking, road accident prevention and road safety, to extend promotion of health-related issues beyond work areas.

Education

CEPSA has an assistance programme for employees' children in compulsory education and professional training. Grants are available for the children of employees who attend studies outside their area of residence. The Company also provides special assistance to finance the costs of re-education and integration of children with physical or psychological disabilities.

Financial assistance

As established in the collective labour agreements, the Company provides specific economic assistance in the form of guarantees so that employees can obtain

DISTRIBUTION OF HEADCOUNT BY GEOGRAPHICAL LOCATION

	2004		2003		2002	
	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE	EMPLOYEES	PERCENTAGE
Total Spain	9,544	91	9,354	91	9,309	91
Total international	990	9	945	9	878	9
Total headcount	10,534	100	10,299	100	10,187	100

loans from credit entities for the purchase or refurbishment of their homes and for other specific purposes. Once granted, CEPESA provides the employee with financial compensation aimed at lessening the impact of the interest on these loans. The Company also extends loans to personnel at low interest rates which are managed by social orientation services. Finally, a flexible policy is in place regarding advances, enabling personnel to alter distribution of their net wages in order to meet their financial requirements.

Retirement

In compliance with RD 1,588 of 15 October 1999 governing company pension commitments for employees and beneficiaries, CEPESA has externalised pension plans or insurance contracts for working and retired employees. Pension plans are defined benefit plans for circumstances of death and disability and defined contribution for retirement. The profitability of "CEPSA Group, Pension Fund" was over 12% in 2004.

Since 1994 CEPESA's collective labour agreement has established a system to facilitate the early retirement of personnel who have worked rotating shifts for more than thirty-two years. These employees would be compensated with an extended shift for a significant period of their working lives, in support of their early retirement.

CEPSA also offers its employees other advantages such as canteens or meal vouchers, company stores, transport to work centres and garage or parking facilities. It also awards loyalty and seniority bonuses.

Assistance for disadvantaged groups

CEPSA carries out activities to help people from marginalised social or labour groups gain access to the employment market. These activities include the initiatives implemented to contract the unemployed, with particular attention to the disabled or the long-term unemployed.

COMMITMENT TO UNIVERSAL ETHICAL VALUES

CEPSA is committed to The Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work established by the International Labour Organisation (ILO) and the United Nations Voluntary Principles on Security and Human Rights.

CEPSA also follows other procedures to protect and safeguard the aforementioned principles which include the following:

CEPSA's commercial and organisational practices are based on compliance with ethical values to avoid damages to third parties.

It analyses the impact of its operations on the environment, promoting dialogue between communities and helping to improve standards of living.

The Company's internal practices are carried out in line with the Fundamental Principles of the ILO, such as the right of association and collective bargaining. This is demonstrated by the figures of employees represented by trade unions and other independent organisations. Over 90% of staff are represented by an organisation, plurally and democratically elected



in accordance with the legislation in each country, respecting rights of participation, advertising and voting secrecy in trade union elections, assigning the resources necessary to carry out these processes and the work time required to vote, while providing special protection for elected and formerly elected representatives.

The collective labour agreements applicable to CEPSA, at company as well as sector level, establish specific disciplinary procedures to guarantee that a representative is constantly available to employees to advise them on their rights during any investigations into alleged breaches of labour law or resulting impositions of disciplinary measures. These procedures are subject to the presumption of innocence, respect for the honour and personal dignity of the employee and prevention of discrimination of any kind.

The right to non-discrimination is scrupulously followed in recruitment, remuneration, promotion and evaluation processes. The Company has its own procedures regarding vacancies, recruitment, internships, recruitment through temporary employment agencies and mobility between group companies. These processes are audited internally to verify compliance. Furthermore, within the collective labour agreements negotiated at corporate level, disciplinary guidelines include specific allusions to sexual harassment and

positive discrimination practices, to raise employee awareness of these issues and establish additional guarantees for staff.

CEPSA's Medical Services do not offer systematic testing for HIV as part of the formal medical check-ups carried out when an employee joins the Company and regularly thereafter. However, in the event that such a test were considered necessary, "Informed Consent" would first be requested from employees. CEPSA always takes into consideration the risk valuation of its employees and as far as possible carries out the most appropriate analyses. For preventative purposes, the health-related training programmes offered to employees include a course on illnesses outside the workplace and first aid, which includes references to the prevention of HIV.

The Spanish Constitution establishes that all International Treaties signed by Spain are directly incorporated into its legislation, therefore becoming, in many cases, direct requirements for third parties and before the department of justice. These include the agreements of the ILO which, like any other legislation, represent a general obligation for compliance wherever CEPSA's internal regulations operate, including child and forced labour aspects considered by the different collective agreements of the ILO.

COMMITMENT TO CUSTOMERS

QUALITY

The commitment to quality in CEPSA products and services in the market, in the form of constant improvement and optimisation, is one of CEPSA's priorities. Quality has been essential to all activities of the Company since its incorporation and counts on the support of all its employees.

Quality, also understood in its environmental as well as health and safety aspects, represents one of CEPSA's strategic objectives. Specifically, the aim is to ensure compliance with environment, safety and quality policies, as well as excellence in customer service. The Company maintains a Quality Management System based on continuous improvement, information and communication, to understand and fulfil the needs and expectations of customers and other interest groups.

The culture of ensuring quality in CEPSA's production processes is rooted in the policies defined at the beginning of the nineties in the Basic Quality Regulation and applicable to all of its companies. In 1991 work began on implementation of Quality Systems in accordance with ISO 9000.

CEPSA's quality strategy was initiated with the implementation and certification of Quality Assurance Systems in the main industrial centres, including refineries and petrochemical plants. Subsequently, the implementation of these systems was extended to product commercialisation and distribution units, including service stations.

At the end of 2004, CEPSA business units and activity centres had obtained thirty-four voluntary certifications of Quality Management⁷.

Between 1993 and 1996, the "Gibraltar", "La Rábida" and "Tenerife" refineries obtained quality certifications for the manufacture of all their products. 100% of the refining and petrochemical activities in Spain are therefore carried out under quality systems certified with the ISO 9001 standard. With regard to operations in the petrochemicals area carried out outside Spain, it should be noted that eight of CEPSA's nine subsidiary companies also have ISO 9001 certified quality systems. These include two of the three subsidiaries of CEPSA engaged in petrochemical production: PETRESA Canada and DETEN Química.

A further demonstration of CEPSA's commitment to quality is the service quality reference guide established for the market for distribution of diesel oil for heating systems. The guide includes over 40 commitments to customers and its implementation led to two subsidiaries obtaining the QUALICERT "Service Quality" certificate.

The systems implemented at CEPSA's refineries, as well as CEPSA Aviation and CEPSA Lubricants, were adapted to the new regulation NATO PECAL /AQAP 2120 in 2004. All certifications by the Ministry of Defence's General Committee of Armaments and Materials have been renewed, prior to renewal of the certificate of endorsement for kerosene JP-8.

CUSTOMER SATISFACTION

One of the aims of CEPSA's commitment and work in the area of quality is to improve customer satisfaction. This work has resulted in substantial improvement in levels of customer satisfaction, up 28% in the period 1997-2004.

In 2004, CEPSA carried out a number of different activities to evaluate customer satisfaction. Studies were carried out by eleven CEPSA companies, of which those carried out by the three refineries, "La Rábida", "Tenerife" and "Gibraltar", involved internal

⁷ For details and a complete listing of CEPSA's quality, environment and health certificates, please see Appendix D.

CEPSA understands consumer satisfaction to be the raison d'être of all companies and makes every effort to launch better quality products on the market to meet its clients' expectations

customers. Factors measured included product quality and services, delivery periods, technical assistance and the service received by customers.

The study carried out by the "Tenerife" refinery during the second half of 2004 is noteworthy. This study, encompassing five CEPSA companies, included analysis of the perceived quality of products and services, assessment of complaints and a general evaluation of the organisation of 8.33 out of 10.

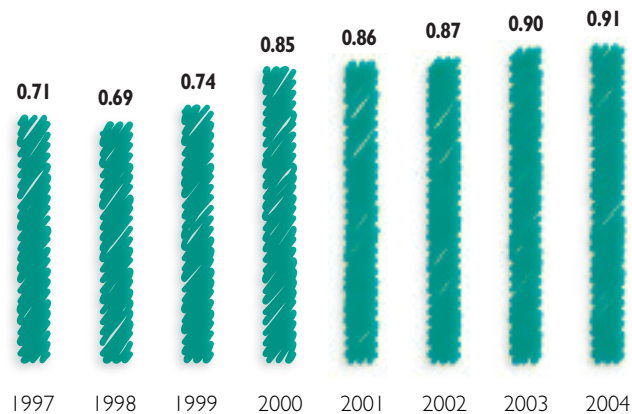
CEPSA Portuguesa also carried out a study in 2004 to evaluate perceived quality and customer satisfaction. The results showed a slight improvement compared to those obtained in 2003 in relation to the quality of telephone customer service, products and sale and after-sale services. Analysis of the data obtained allowed possible areas of improvement to be identified.

The study carried out by CEPSA Lubricants to evaluate customer satisfaction in comparison with its competitors also generated positive results. 61.9% of customers consulted stated that they were more satisfied with CEPSA than with its competitors, whereas 35.8% indicated a similar level of satisfaction.

Studies of customer satisfaction have also been carried out in the petrochemical area in recent years. The three CEPSA subsidiaries INTERQUISA, PETRESA and ERTISA have all carried out this kind of analysis. The results have been satisfactory whilst offering opportunities for improvement. In the case of PETRESA, for example, the global satisfaction rating obtained is 94.8%. All partial satisfaction indicators remain in ranges of over 70%.

As a result of the work carried out in the quality area, CEPSA's Quality Manager received the 2004 Quality Leadership Award on behalf of the company. This award is issued regularly by the Spanish Association for Quality in collaboration with the *European Organisation for Quality*.

CEPSA CUSTOMER SATISFACTION *



* Satisfaction rating measured for CEPSA activities with quality certifications. Established as the ratio of complaints received to orders served.

IRIS PROJECT

In 2004, Productos Asfálticos (PROAS) launched the IRIS Project for implementation of improvements to ensure that CEPSA is recognised not only for the quality of its products but also for excellence in its customer service and its commitment to safety and the environment. The different areas of the Company were asked to submit proposals for improvements to processes and to contribute to the project aims. All of the Company's employees took part in the project, which was a creative and innovative exercise in teamwork. Due to the high level of participation, the number of proposals received, 183, far exceeded expectations. Of these, 41 related to excellence in customer service. Subsequent to discussion by the PROAS Management Committee, 86 projects were approved, twelve of which related to excellence in customer service.

OMBUDSMAN FOR FUEL AND OIL CUSTOMERS

The Customer Ombudsman is responsible for proposing and, as necessary, administering customer-orientated projects and for suggesting improvements to existing processes. The Ombudsman also represents customers and their interests before the Fuel and Oil Management Committee, to incorporate improvements at the service level.

The fundamental functions of the Ombudsman include establishing, maintaining and developing the system to compile complaints, claims and suggestions from customers, as well as to investigate other, less explicit needs and expectations of customers.

PRODUCT HEALTH AND SAFETY

Another important factor in CEPSA's relationship with its customers is the constant effort to adapt its products to ensure the health and safety of users. In anticipation of trends in the EU's REACH directive (Registration Evaluation and Authorisation of Chemicals), all products are assigned regularly updated safety records. The process of generating these records begins with classification of the product in accordance with the requirements of prevailing legislation.

PROTECTION OF CUSTOMER PRIVACY AND ACCURACY IN INFORMATION

DATA PROTECTION

CEPSA uses information systems for automated treatment of customer information in an appropriate manner, complying with conditions of strict confidentiality and adopting IT security measures. In accordance with the requirements of the current Spanish Data Protection Act and its Development regulations, computerised databases are registered at the Spanish Data Protection Agency. Of all its commercial and promotional communications, CEPSA takes special care over those to current and potential customers, enabling resources to exercise rights to access, correction, cancellation and opposition of recorded data.

An Internal Procedures System has also been implemented to guarantee total confidentiality of data, in accordance with the Spanish Data Protection Act, as well as to cover issues relating to the security of computerised information.

ADVERTISING

CEPSA is a member of the Association for Self-regulation of Communications, affiliated with the European Advertising Standards Alliance. The Company thereby assumes the ethical commitment to carry out commercial communications in a responsible manner and to help strengthen advertising self-regulation to ensure that the rights of consumers and competitors are respected.

The company has also formed part of "Confianza On-Line" (Trust Online) since its inception. This seal of approval derives from the Spanish system of integral self-regulation for e-commerce with consumers and interactive advertising, organised through Autocontrol, the Spanish E-commerce Association (AECE) and the Federation of E-commerce and Direct Marketing (FECEMD) and supported by all the professional associations from the sector. With this support, CEPSA demonstrates its commitment to compliance with the

ethical guidelines of the Confianza On-line Code and with rulings by the Advertising Board and National Consumers' Arbitration Board in any cases of potential controversy.

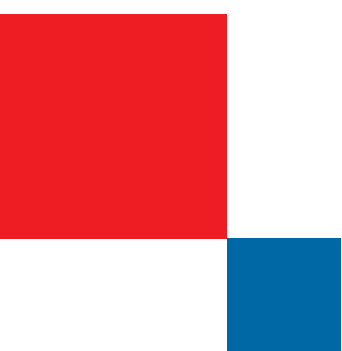
CEPSA is also a member of the Spanish Advertisers Association (AEA) and has contributed to the Good

Practices Code already submitted to public and private television companies.

As a result of its strict compliance with advertising laws and rigorous employment of self control methods, CEPSA did not commit any breaches of advertising legislation during 2004.



Laboratory at the "Gibraltar" refinery.



CEPSA promotes investments in cutting-edge projects and was a pioneer in environmental management. Since it obtained its first environmental certifications a decade ago, the company has continued to improve processes and products to minimise the impact on the environment

B E T T E R



P R O C E S S E S A N D P R O D U C T S



RESEARCH, DEVELOPMENT AND INNOVATION

CEPSA has intensified its activities in recent years and improved its competitiveness by means of projects for the construction or modification of production units and the development of applied technologies, as well as the definition of future projects, to ensure compliance with the established strategic aims.

In 2004 CEPSA Research Centre resources were increased by the entry into production of a plant engaged in the development of oxidation processes for aromatic chemical products. A new field of activity involving exploration and production was also initiated.

Plans for installations at a new site for the CEPSA Research Centre also began in 2004. These will be completed in 2005 and located next to the campus of the University of Alcalá de Henares (Madrid).

The main research, development and innovation activities have focused on development of new

technologies aimed at the reduction of gaseous waste, selection of the best catalytic processes and development of cleaner fuel and oil, in excess of even the strictest international regulations.

Technologies with greater energy efficiency have been gradually introduced, replacing the use of fuels with high carbon content, such as fuel oil, with others with lower CO2 emissions, such as natural gas.

ENVIRONMENT

CEPSA's practices for minimising the impact on the environment are founded on the principle of active management, keeping track of legislative and technological trends and evaluation of its activities. Essentially, CEPSA offers attractive and competitive services to the market whilst reducing adverse effects on the environment. Since 1990, a new internal Basic Regulation has been in place which is reviewed periodically and sets forth the following criteria of action:

GROSS INTANGIBLE ASSETS

Millions of Euros

	2004	2003	2002
Research and Development Expenses	1,060	1,007	945
Concessions, patents, licences and others	75	56	49
Goodwill	10	10	11
Software	100	89	78
Other intangible assets	381	295	284
Total	1,626	1,457	1,367

Installations at the Tenerife refinery.



1. Compliance with all applicable legislation governing the environment and in the absence of such legislation, the most appropriate standards are applied.
 2. Promote activities aimed at mitigating the impact on water, soil and atmosphere, including climate change.
 3. In the context of sustainable development, administer natural resources used to avoid interference with ecological equilibrium.
 4. Provide training and information to employees, motivating them to develop good environmental practices in and outside work.
 5. Identify, evaluate and act on environmental risks to eliminate or reduce pollution at source.
 6. Review and keep CEPSA's environmental policy up to date with a system of environmental management based on continuous improvement.
 7. Promote use of the best available technologies in production processes, paying special attention to the reduction of waste emissions, rationalisation of energy consumption and energy savings.
 8. Planning and providing technical, financial and human resources for implementation and control of the environmental management system.
 9. Ensure that environmental information is at the disposal of interested parties as the situation requires.
 10. Bring services companies into line with the environmental criteria established by CEPSA.
 11. Voluntary compliance by CEPSA's Petrochemicals area with the requirements of the international "Progress Commitment" programme.
- To fulfil its environmental objectives, CEPSA has created a functional area, the Environmental, Safety and Quality Committee (P.A.S.C.A.L.), represented at all production

Panoramic view of Algeciras Bay.



and activity centres. The committee's functions include coordination of management systems and control over the implementation and improvement of environmental, safety and quality management processes.

ENVIRONMENTAL PROTECTION

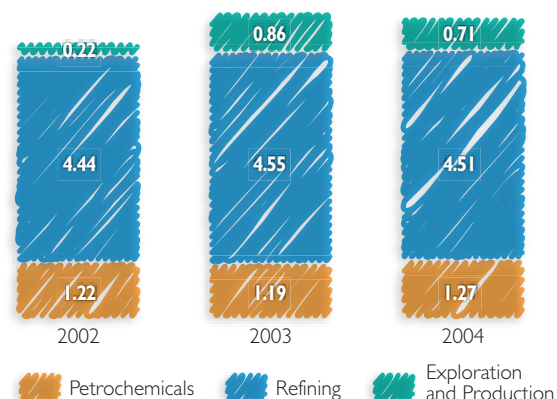
PREVENTION OF CLIMATE CHANGE

The agreements reached by Spain for compliance with the Kyoto Protocol were adopted during 2004, including those assumed by the European Union concerning levels of CO₂ emissions between 2005 and 2007. In accordance with these criteria, the Spanish government published the National Allocation Plan For Emission Rights, through which CO₂ emission rights have been assigned to the affected industries.

CEPSA has set up a new Greenhouse Gases Management Department to facilitate implementation and compliance with all requirements of the Kyoto Protocol by its relevant installations: the three refineries and the five cogeneration plants; plus LUBRISUR, PETRESA, INTERQUISA and ERTISA.

GREENHOUSE GAS EMISSIONS

Millions of tonnes of CO₂ equivalent per annum



During 2004 the following significant collaborations were included in the activities carried out:

- Defining sector emission requirements in conjunction with other oil refining companies in Spain;
- Providing information for the National Allocation Plan For Emission Rights, working with the Ministry for Industry, Tourism and Trade.

In compliance with its objective, the Company also established a strategy for managing greenhouse gases, the most significant points of which are as follows:

- Agreements with the various emission centres regarding the structure, functions and methodology required to appropriately monitor and measure CO₂ emissions.
- Internal proposals and agreements over the functions and structure required for CEPSA to operate in compliance with the Kyoto Protocol, including the necessary participation in the CO₂ emissions markets.
- Establishment of a protocol for preparing a report on a monthly basis to monitor the installations involved.
- Definition of a methodology enabling the CO₂ markets and involvement therein to be monitored.

CEPSA is also developing specific energy-saving and emission-reducing measures to be implemented in the three refineries in coming years⁸. In addition, the Company is analysing the possibility of participation in the projects included in the Clean Development and Joint Action Mechanisms for generating Certified Emission Reductions (CERs).

During 2004 CEPSA emitted 6.49 million tonnes of CO₂, continuing the downward trend of previous years. 69.49% of the emissions correspond to Refining.

⁸ Details of some of the measures taken to improve energy efficiency are provided in the eco-efficiency section of this report.

GREENHOUSE GAS EMISSIONS BY PRODUCTION UNIT

	2004	2003	2002
Refining (t CO ₂ equivalent/ t crude oil treated)	0.222	0.222	0.226
Petrochemicals (t CO ₂ equivalent/ t produced)	0.294	0.372	0.439
Exploration and Production (t CO ₂ equivalent/ t oil + gas produced)	0.065	0.083	0.124

It is worth noting that greenhouse gas emissions by production unit have continued to decline. Between 2002 and 2004 there was a 52% decrease in Exploration and Production, partly due to stabilisation of production projects at the Ourhoud oilfield. Greenhouse gas emissions by production unit also fell by 33% in the Petrochemicals area between 2002 and 2004.

DEVELOPMENT OF CLEAN FUELS

Due to their renewable nature, the use of biofuels, as opposed to traditional fuels, in automobile engines presents numerous advantages, including the reduction of net emissions of CO₂ and job creation in agriculture and related industries. The production of biofuels by adding ethanol using ETBE (Ethyl tertiary butyl ether) continues to be a priority for CEPSA within its refining activities. Over 100,000 tonnes of ETBE were produced in the "Gibraltar" and "La Rábida" refineries during 2004. The ETBE unit started operating in the latter refinery in 2004. ETBE mitigates the impact on the environment of the lead used in petrol.

CEPSA is familiar with the policies established by the European Union to reduce emissions from the transport sector, and is awaiting the EURO IV emission standard which becomes effective in October 2005, establishing a further 30% reduction in NO_x emissions for heavy vehicles compared to EURO III. The projects underway in CEPSA's distribution chain to incorporate products using SCR (Selective Catalytic Reduction) technology, which allows a significant reduction in NO_x emissions from heavy vehicles, are currently at a highly advanced stage.

ANALYSIS OF ENVIRONMENTAL RISKS

In 2004 CEPSA continued working to identify and evaluate possible environmental risks, in accordance with the experimental voluntary UNE 150008 EX standard, which represents the starting point for preparing a programme to curb environmental risks.

The UNE 150008 standard aims to standardise practices for identifying, analysing and evaluating environmental risks and comprises various stages. The first is a risk analysis to identify dangers, estimate risk and evaluate as a whole the probability and consequences of various scenarios. In the second stage, an evaluation is completed and a judgement on the level of tolerability of the risk analysed is issued.

The result of applying this standard is a report containing a description of the installations and processes, identifying all the environmental risks associated with the activities, processes and substances used, as well as the type of environment in which these activities are carried out.

In 2004, work was carried out at the "Tenerife" and "La Rábida" refineries to identify and evaluate environmental risks from all activities and processes, in accordance with the abovementioned standard.

In recent years, CEPSA has paid special attention to environmental risk management. Since 1995, CEPSA service stations have been developing a project for the implementation of a system for controlling environmental risks, enabling risks to be identified, evaluated and mitigated. This project, at a preliminary stage, uses an indicator which allows environmental risks at each location to be evaluated and quantified, with the following objectives:

ENVIRONMENTAL RISK MANAGEMENT SYSTEM FOR SERVICE STATIONS. PROJECT STAGES

STAGE	STATUS
1. Analysis using written references and maps	Completed. 1,561 service stations analysed
2. Analysis based on above information using data collated on site	Completed. 1,263 service stations managed by CEPSA or independent managers analysed
3. Detailed analysis of sub-soil and aquifer samples	Examined 264 CEPSA service stations and 190 independent services stations
4. Selective decontamination, where necessary, of soil and groundwater	Examined 32 service stations managed by CEPSA
5. Plan for monitoring the piezometric system	32 service stations are monitored for environmental risk

- To evaluate the general condition of the service station installations and possible impact on the environment.
- To analyse procedures and practices followed by each service station which relate to environmental management.
- To serve as a fundamental tool for managing the total risk of the service stations studied or analysed.

In subsequent stages, the possibility of soil and groundwater contamination near the service stations is examined. Where necessary, measures are defined to establish a decontamination programme and a control plan to prevent or rectify possible adverse effects on the environment.

To date Euros 15 million has been invested in this project.

TRANSPORTATION OF PRODUCTS

Minimising environmental risk during the transportation of its products is one of CEPSA's main priorities. IT systems enable the quantity of transported products to be controlled at all times. CEPSA has also implemented a system to optimise travel distances and reduce the number of kilometres travelled by its fleet of trucks, which helps reduce atmospheric emissions from these vehicles. Such measures have resulted in a decrease in product transportation incidents.

In terms of the supply and distribution of fuel in tankers, CEPSA transported approximately eight million tonnes of fuel and oil by this means in 2004. There were 525,019 deliveries and 17 incidents occurred, five of which affected the environment. The largest impact resulted from the spillage of 19,398 litres of diesel B in the Urederra River (Navarre), which led to



Transportation and supply of gas oil and fuel for ships.



ROAD TRANSPORT

		2004	2003	2002
PETROCHEMICAL PRODUCTS	Tonnes	870,104	845,543	847,169
	N° of deliveries	37,974	36,630	35,510
	N° of incidents	5	8	10
	Environmental impact*	1	1	1
FUELS	Tonnes	7,832,986	7,669,334	7,031,323
	N° of deliveries	525,019	510,039	470,484
	N° of incidents	17	20	21
	Environmental impact*	5	2	6
BITUMEN	Tonnes	646,782	798,753	684,616
	N° of deliveries	26,400	32,600	27,600
	N° of incidents	1	1	1
BUTANE AND PROPANE	Tonnes**	423,750	405,031	303,614
	N° of deliveries	59,145	56,083	46,594
	N° of incidents	4	3	3

* Environmental impact: Any change in the environment which positively or negatively affects the air, water or soil.

** Tonnes: This amount includes primary transport comprising 14% of the total and which is basically by rail.

MARITIME TRANSPORT

		2004	2003	2002
PETROCHEMICAL PRODUCTS	Tonnes	2,132,519	1,933,828	1,642,612
	N° of deliveries	2,149	1,908	1,685
	N° of incidents	0	0	0
FUELS	Tonnes	5,888,840	5,813,949	5,261,927
	N° of deliveries	35,320	34,823	31,989
	N° of incidents	3	6	7
BITUMEN	Tonnes	593,076	347,748	319,408
	N° of deliveries	114	43	36
	N° of incidents	1	1	1

RAIL TRANSPORT

		2004	2003	2002
PETROCHEMICAL PRODUCTS	Tonnes	154,844	135,030	71,567
	N° of deliveries	1,571	1,400	731
	N° of incidents	0	0	0
FUELS	Tonnes	690,695	454,323	424,395
	N° of deliveries	1,255	967	871
	N° of incidents	0	0	0

contamination of the river as well as a strip of land next to the river. Various corrective measures were taken which restored the area to its original condition prior to the accident⁹.

BIODIVERSITY AND ENVIRONMENTAL PROTECTION

CEPSA plans its activities in such a way as to minimise their impact on the natural equilibrium of the areas in which it operates and, to this end, carries out studies on the environmental impact on areas where its activities are initiated.

CEPSA does not conduct any activities in protected or sensitive areas or in areas comprising habitats of species included in the Red List of the World Conservation Union (IUCN).

In Algeria, activities are conducted in Block 406 A, located in the Berkine river basin in the Sahara Desert. In Columbia, exploration and production tasks are conducted in the Upper Valley of the Magdalena River, in a dry-tropical forest ecosystem¹⁰.

In 2004, in Brazil, DETEN Química signed a protocol of intent between the Bahía State Government and various organisations to collaborate on the implementation of the Bahía Northern Ecological Corridor Project. The general aim of this programme is to combine individual conservation and development initiatives to prepare and implement a regional programme. This programme would represent an integrated and coordinated model for environmental conservation, sustainable development, hydrological resource protection, and land use planning, involving the collaboration of public, private and tertiary sector organisations.

For the protection of marine environments, CEPSA has developed preventative measures in loading and off-loading areas and operates three antipollution catamarans, two of which work the Straits of Gibraltar while the other became operational in 2004 and patrols for possible oil spills in the Algeciras Bay.

The measures taken by the "Tenerife" oil refinery during 2004 should also be mentioned. Among other systems, booms have been acquired to contain spills, serving the whole island. As set out in its environmental commitments for 2004, the refinery prepared a report analysing the environmental, meteorological and oceanographic conditions of the area and their influence on the possibilities of oil spills. The objective was to evaluate the risks of accidents and incidents from manoeuvres of oil tankers and the loading and off-loading of oil. The results were used to update the Internal Contingency Plan against accidental marine pollution.

During 2004, INTERQUISA also improved its resources for tackling accidental oil spills into rivers, by obtaining absorbent material and constructing huts for their storage.

All CEPSA production centres also conduct emergency drills on a regular basis, which are externally audited to confirm they are effective and establish actions for improvement.

⁹ Fines received by CEPSA in relation to environmental matters are set forth in Appendix B.

¹⁰ For further information on the activities performed in the area of Exploration and Production to mitigate impacts on the ecosystem, please refer to the section on Waste Generation and Management.



DETEN Química installations in Brazil.

ESTABLISHING COMMITMENTS AND PRIORITIES

CEPSA sets environmental objectives as part of the guidelines established for the process of continuous improvement of the environmental management system.

Priorities in this area are established in the Basic Environmental Regulations and are as follows:

- Establish internal procedures regarding environment measures to clearly define obligations and responsibilities at all levels of the organisation.
- Develop and maintain emergency procedures, training workers to respond quickly and efficiently in the event of any environmental incident/accident.
- Inform all members of the organisation, both own personnel and service providers and interested parties, of CEPSA's environmental policy.
- Promote environmental innovation in order to work towards excellence.
- Regularly evaluate the environmental system to make ongoing improvements.

The various production centres and companies comprising CEPSA set annual environmental objectives on the basis of these priorities, quantifying the results and, where applicable, establishing actions for improvement.

CEPSA companies affected by the law for integrated pollution prevention and control (IPPC) share certain specific environmental objectives, including advance procurement of the Integrated Environmental Authorisation. This work was well underway in PETRESA and ERTISA at the end of 2004.

The level of compliance with environmental objectives was high in the Refining and Petrochemicals areas in 2004.

2005 ENVIRONMENTAL OBJECTIVES – REFINING AREA

"LA RÁBIDA" REFINERY	"GIBRALTAR" REFINERY	"TENERIFE" REFINERY
Decrease the impact of air pollution on the environment and improve controls over such emissions.	Decrease the impact of atmospheric emissions on the environment.	Reduce sulphur dioxide and carbon dioxide emissions.
Improve quality of effluent.	Reduce environmental impact of wastewater spills.	Adapt environmental management system to the new ISO 14001:2004 standard.
Early preparation of the request by the Integrated Environmental Authorisation.	Mitigate the environmental impact of soil and groundwater contamination.	Improve measurement of emissions and inputs.
Renew environmental certification and make improvements to the Environmental Management System.	Decrease environmental impact from use of raw materials and optimising natural resources and energy saving.	Prepare detailed procedures for measuring and monitoring carbon dioxide emissions.
Increase environmental training.	Increase training and promote communication and participation among its employees.	Implement measures to comply with the levels established in the refining guide regarding effluents from the wastewater Plant.
Mitigate environmental risks by implementing an Integrated Environmental Risk Management System.		Strengthen relationships with interested parties.
Reduce the generation of waste.		Reduce impact of smells produced by the refinery.

2005 ENVIRONMENTAL OBJECTIVES, PETROCHEMICALS AREA

ERTISA	INTERQUISA	PETRESA
Maintenance of the ISO 14001 certification	Soundproofing of the compressor of the TA-I crude terephthalic acid Unit	Maintain the certifications of the environmental management system in compliance with the ISO 14001 standard, from the European registry of ecomanagement based on regulation EC 761/01
Improvement in the plant's drainage network	Minimise emissions of benzoic acid in TA silos	Audits of the environmental management system in accordance with the ISO 14001 standard
Elimination of pollutants in the network of pressure gauges and recovery of polluted soils	Generating value from waste	Preparation and verification of the environmental declaration of 2004
Reduce emissions of VOCs	Submission of request for integrated environmental authorisation to authorities	Procurement of the integrated environmental authorisation
Procurement of integrated environmental authorisation and compliance with conditions		Minimise emissions up to 3000 ppm of SO ₂ , 50 ppm of particles
		Reduction of the amounts of waste generated Minimisation of soil pollution

In Spain, all refining and petrochemical activities are conducted in accordance with certified environmental management systems

ENVIRONMENTAL CONTROL AND CERTIFICATION

Environmental control systems are present in all the activities carried out by CEPSA and relate to aspects such as training and creating of awareness, preparation of internal procedures, evaluation of environmental controls and the introduction of environmental criteria in procedures for selecting suppliers.

CEPSA continues to opt for voluntary environmental certification in all its activities, being the first Spanish company to obtain the ISO 14001 standard and the first company in the sector to procure environmental accreditation as part of the Eco-Management and Audit Scheme (EMAS)¹¹.

The environmental certification process at the refineries culminated in 2001 with the "Tenerife" refinery obtaining EMAS accreditation. 100% of CEPSA's refinery activities are currently performed in accordance with the ISO 14001 and EMAS environmental standards. The certification obtained covers all the products offered and services rendered by the refineries.

100% of CEPSA's petrochemical activities in Spain have environmental control systems in place which comply with the ISO 14001 standard. This certification has been obtained for all the products manufactured. Since 1996, PETRESA Canada and DETEN Química have also had environmental control systems in place with ISO 14001 accreditation.

Other environmental management certifications have also been obtained by the different CEPSA subsidiaries. Productos Asfálticos, S.A. (PROAS) obtained environmental accreditation for the design and production of all its products for the Alcalá de Henares, Tarragona and Valencia plants. CMD Aeropuertos Canarias and CEPSA Aviación started the process to obtain the aforementioned certification in 2004.

¹¹ A complete list of the environmental accreditation obtained by CEPSA is attached as Appendix D.

CEPSA collaborates with activities for training and raising awareness in other companies. DETEN Química was one of the first companies to join the Adopt a Small-sized Company ("Adote uma Pequena Empresa") programme, as part of the Environmental Partners ("Parceiros do Meio Ambiente") project launched in 2004 by the Environmental Resources Centre ("Centro de Recursos Ambientais") and the Bahía Regional Government (Brazil). The aim of this programme is to promote the concept of environmental control and clean technologies by offering free environmental advice to micro and small-sized companies.

ECO-EFFICIENCY

EFFICIENCY IN THE USE OF RAW MATERIALS

Crude oil is the principal raw material used by CEPSA. A total of 20.9 million tonnes was distilled during 2004, a figure very similar to that of the prior year.

CEPSA recycles and upgrades by-products and waste, preventing an adverse impact on the environment. It is worth noting the following:

- The "Tenerife" refinery is a waste management centre, for motor and compressor oil, for the whole of the Canary Islands. During 2004 it recycled 5,618 tonnes of used oil and 14,852 of waste oil.
- The downstream processing of 8,144 tonnes of production waste and 12,333 tonnes of biological sludge by INTERQUISA, which is 67% up on 2003.
- The 72% increase in waste upgraded at the "La Rábida" refinery, bringing the total to 2,220 tonnes. At the refinery, the sludge deriving from

ENVIRONMENTAL TRAINING 2004

	ASISTANTS	HOURS
Refining	193	1,481
Petrochemicals	324	943
Exploration and Production	2	30
Marketing and Distribution	224	836

the biological treatment of liquid effluent is used to treat contaminated soil, thereby generating the organic materials necessary for the regeneration of soil or bioremediation process. During 2004, 1,800 tonnes of contaminated soil were treated.

- 1,748 tonnes of waste were upgraded or recycled at ERTISA, of which 1,267 tonnes were used to treat acidic soil.

ENERGY EFFICIENCY

CEPSA's total energy consumption during 2004 amounted to approximately 98.35 million gigajoules, which includes external electrical energy and all fuels consumed as well as allocated for cogeneration.

Cogeneration results in savings of over 48% compared to conventional power plants and is a basic tool in CEPSA's efforts toward improved energy efficiency. Since 1990, CEPSA has set up five cogeneration plants, which in 2004 produced a total of 1,681 GWh of electricity and 3.38 million tonnes of steam. This energy was subsequently used by CEPSA in its industrial plants and contributed to improved energy efficiency. In the refining area for example, energy consumption per tonne of crude oil treated fell by approximately 5%.

In 2004, the power plant at the "La Rábida" refinery generated 349,077 MWh, with a thermal energy saving equivalent to 56,279 tonnes of fuel oil. An energy saving system was also installed in this refinery which pre-heats air entering the vacuum distillation units and the propane de-asphalter (SDA).

CEPSA's petrochemical plants are also taking steps aimed at improving energy efficiency, such as replacing fuel oil or diesel with natural gas.

The increase in consumption by production unit in the Petrochemicals division is attributable to INTERQUISA Canada, which became fully operational in 2004.

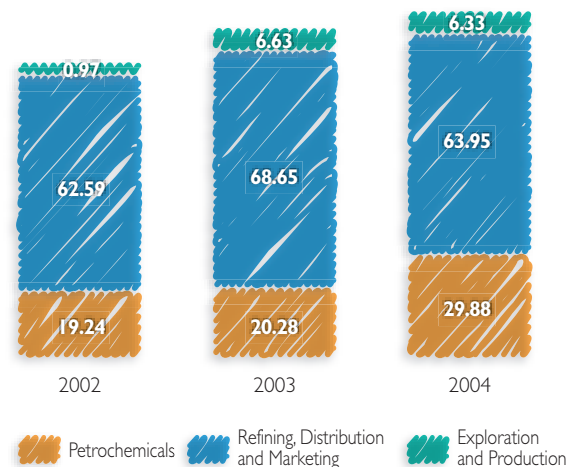
MINIMISATION OF ENVIRONMENTAL IMPACTS

ATMOSPHERIC EMISSIONS

CEPSA ensures that its production processes have the lowest possible impact on the environment and atmosphere. CEPSA activities produce gases causing the greenhouse effect as well as other undesirable gases and substances such as SO₂, NO_x or volatile organic compounds. These emissions derive from

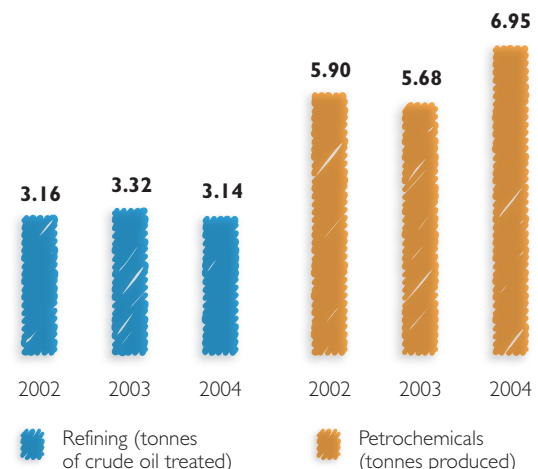
ENERGY CONSUMPTION 2004

Millions of gigajoules/year



ENERGY CONSUMPTION

Gigajoule per production unit or crude oil treated



combustion machines or storage tanks. In 2004, CEPSA has continued carrying out activities aimed at limiting the volume of atmospheric emissions.

The 2004 data shows a further decline in SO₂ emissions in both Refining and Petrochemicals. In Refining, this reduction is due to changes in the fuels employed, resorting to more natural gas with lower fuel consumption compared to 2003. It should be noted that global emissions from the "La Rábida" refinery were approximately halved between 1995 and 2004.

CEPSA has persisted in its efforts to reduce NO_x emissions by installing improved low-level NO_x burners in various plants.

VOLATILE ORGANIC COMPOUNDS (VOCs)

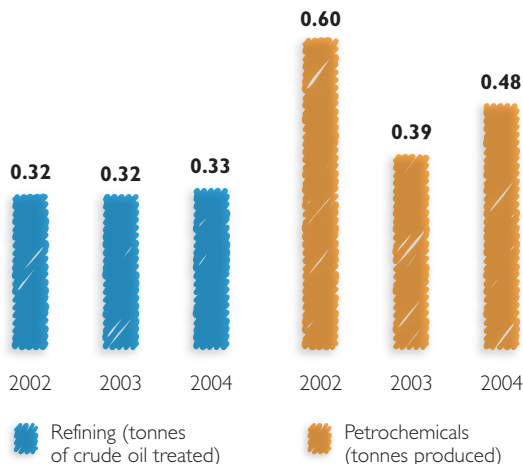
In recent years CEPSA has been striving to reduce VOC emissions, which lead to the formation of secondary contaminants such as ozone. The elimination of VOC leaks is an objective for environmental protection and human health and also provides financial savings. This is taken into consideration when selecting equipment and components for designing new projects, constructing new units or modifying existing ones.

Numerous measures are included in the VOC reduction programme, such as the installation of VOC Recuperation Units (VRUs) at different plants, fitting of double seals on processing tanks and pumps and modification of the procedure for taking gas samples to prevent emissions. Studies are also carried out to identify and quantify sources of leaks, prioritising investments aimed at reducing or eliminating these on the basis of the results obtained.

Another notable initiative implemented to tackle the issue of VOC emissions is the LDAR (Leak Detection & Repair) programme, based on the EPA 21 method. This programme focuses on the detection and repair of leaks in valves, pumps, flanges, sample taking and other components with joints where leaks may occur for varying reasons. The methodology involves measuring VOC levels in all components and equipment susceptible to leaks and, in the event that certain limits are exceeded, carrying out and monitoring any necessary repairs. In addition to curtailing atmospheric VOC emissions, the LDAR programme also reduces odours and workers' exposure to VOCs, improves maintenance and safety conditions and assesses the suitability of materials used in the treatment of fluids.

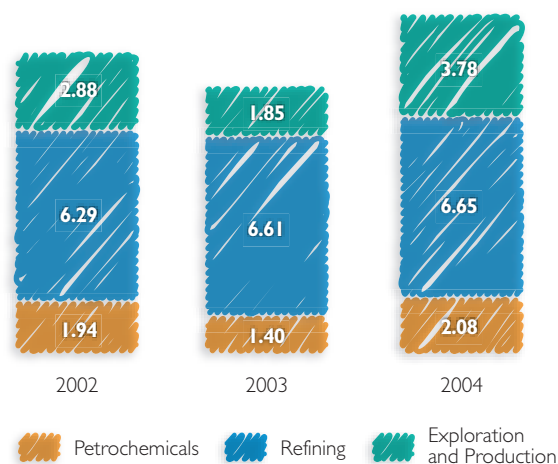
NO_x EMISSIONS

Kg of emissions per production unit or crude oil treated



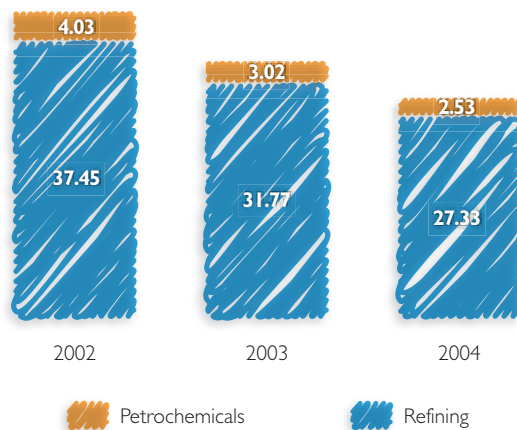
NO_x EMISSIONS

Thousand of tonnes / year



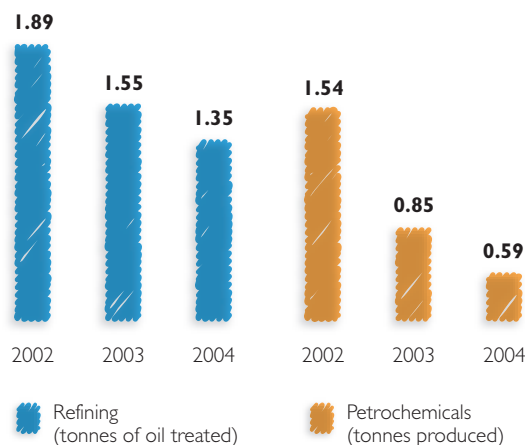
SO₂ EMISSIONS

Thousands of tonnes / year



SO₂ EMISSIONS

Kg of emissions per production unit or crude oil treated



The "La Rábida" refinery has implemented an LDAR programme to cut VOC emissions at its petrochemical plant. Total VOC emissions at this plant have fallen by seventy tonnes a year (down 41%).

Another important source of VOC emissions is attributed to the loading and unloading of products in the dispatch area. Reducing emissions into the

atmosphere during the transfer of products between different storage areas by tanker, truck or drum, as well as during loading and unloading is one of the priorities of CEPSA's programme for continuous improvement.

IMMISSION CONTROL NETWORK

CEPSA has networks for measuring immissions at all its production centres. These networks transmit the information gathered in real time to the corresponding environmental administration department.

Improvements have been made to these networks in 2004, including the replacement of analysers in the Gibraltar oil field and the relocation of immission housings at the "Tenerife" refinery.

NOISE

Noise generation is another environmental issue, managed mainly in CEPSA's Refining and Petrochemicals activities. Sound levels are monitored on a regular basis to ensure that they remain below legal limits, and appropriate measures are taken in the event that these are exceeded.

Noise levels at the "La Rábida" refinery are measured by a network of eleven sensors located along the plant's perimeter. No breaches of daytime or night-time legal limits have been recorded. Improvements in 2004 included the replacement of thirty-two burners on the C-HIA crude oil column and four in the S-HI SDA furnace with low-noise burners. Noise levels fell as a result. Various motors have also been substituted with quieter models, which has helped to reduce overall noise levels at the refinery and in the general surrounding area.

Noise levels at the "Gibraltar" refinery, measured by 18 sensors located around the plant, remained below legal limits throughout 2004.

At ERTISA, noise measurements are taken at the legally established intervals and also whenever modifications are made to the plant, so that the necessary steps are taken to ensure that workers are not exposed to noise

in excess of legally permitted levels. Consequently, both day and night-time external noise levels are kept below the legal limits.

WASTE GENERATION AND MANAGEMENT

CEPSA considers the minimisation and responsible management of waste to be one of the key aspects of its commitment to the environment.

In 2004, CEPSA's different activities generated 44,553 tonnes of waste, approximately 35% less than in 2003. Hazardous waste generated per tonne of crude oil treated in Refining and Petrochemical activities fell by 32.4% and 47.4%, to 1.5 kg and 3.26 kg, respectively.

In 2004 exploration and production activities were geared towards the recycling of perforation waste. This waste, also known as perforation cuttings, is dumped in storage pools and left to dry. Under normal conditions, perforation waste is stabilised and buried in controlled sites. However, depending on project requirements, some of this waste may be used as a component of concrete and mortar for construction works in the field. 405 m³ of perforation cuttings have been used in this way in roadways, platforms and containers with low technical restrictions. Centrifugal pumps were also used in the "Solids Control System" in order to obtain perforation waste with minimum crude oil content, thereby reducing its effect on the environment.

In Algeria, CEPSA forms part of the "Waste Management Steering Committee", together with the country's main operators and service companies, and has actively participated in drawing up a joint waste management plan for perforation activities. The final document was published in 2004.

At the end of 2004, a programme was started up to restore and recover the perforation waste storage pools at the Ourhoud oil field, through application of "Thermal Phase Separation" technology, which enables hydrocarbon-free waste to be obtained for subsequent disposal. 35,000 m³ of waste has been



Biofuels plant at the "La Rábida" refinery.

earmarked for treatment under this project over a period of two years.

Furthermore, in 2004 over Euros 300,000 was invested in an Exploration and Production campaign for soil cleansing and restoration and in a leak detection system to prevent land pollution.

In Refining, CEPSA makes a substantial effort to minimise and manage waste.

At the "Tenerife" refinery, the volume of hazardous waste fell from 2,758 metric tonnes in 2003 to 588 in 2004 due to less soil contamination by oil, amongst other factors. Urban waste was also substantially reduced, 21% down on 2003 to 802 tonnes.

In contrast, the quantity of hazardous waste generated at the "La Rábida" refinery rose by 6.3% in 2004. The

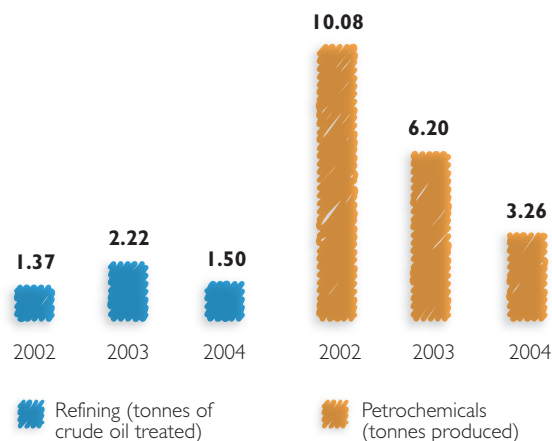
main cause was the five-year general halt in the fuels plant and other units, which led to a higher volume of waste. However, it should be noted that overall there has been a 56% drop in hazardous waste generated at the "La Rábida" refinery in the last five years. Inert waste increased by 16% in 2004, to 515 tonnes.

Hazardous waste at "Gibraltar" fell by 31% compared to 2003. However, there was a considerable increase in soil contamination, due to land movements in the course of various industrial projects carried out in 2004. Urban-type waste totalled 1,875 tonnes in 2004, edging up by 3% compared to 2003.

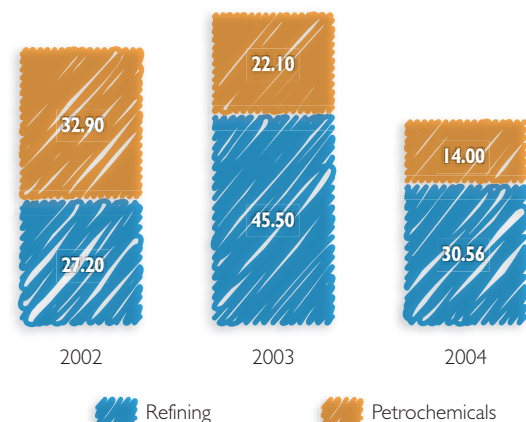
In the Petrochemicals area, waste reduction was one of the environmental goals set in 2004. PETRESA reduced alkylation sludge by 36% from 2003-2004.

Waste management improvement activities are not limited to industrial plants. In 2004 the Corporate Information Technology Department contracted an external supplier to recycle IT waste. Specifically, 7.5 tonnes of computer monitors, CPUs, printers and other peripherals were recycled. Likewise, in collaboration with COOPERMAC (Cooperativa de Materiais Recicláveis de Camaçari), DETEN Química participated in a waste recycling programme involving paper, cardboard, glass and plastic, with 19 tonnes of material sent for recycling in 2004.

HAZARDOUS WASTE GENERATED
Kg per production unit or crude oil treated



HAZARDOUS WASTE PRODUCTION
Thousands of tonnes / year



LAND AND GROUNDWATER

CEPSA continues to carry out varying activities in this field, with the following worthy of note:

In Exploration and Production including the Ourhoud oil field, CEPSA spent over Euros 165,000 on protecting land and groundwater:

The three CEPSA refineries, "Gibraltar", "La Rábida" and "Tenerife", have a system of piezometers or bores through which groundwater levels are measured and samples taken on a regular basis. Groundwater quality is analysed in order to detect any potential contamination and, where necessary, appropriate corrective measures are implemented.

In 2004, waste generated was reduced by 35% compared to 2003

In Petrochemicals, PETRESA has prepared a diagnostic report as a result of which seven piezometers were added to the piezometric system, bringing the total current number to 37. At ERTISA, all production units are located on paved ground and have collection systems which filter any spillages, water used for cleaning or rain water to the purifying plant, thereby preventing this water from reaching natural land. A project for soil decontamination continued at DETEN Química in 2004, with a cost of Euros 271,000. It is expected to be completed in 2007.

As described previously, the Environmental Risk Management System also covers service stations, where 32 piezometers have been installed.



Port at the "Gibraltar" refinery.

WATER

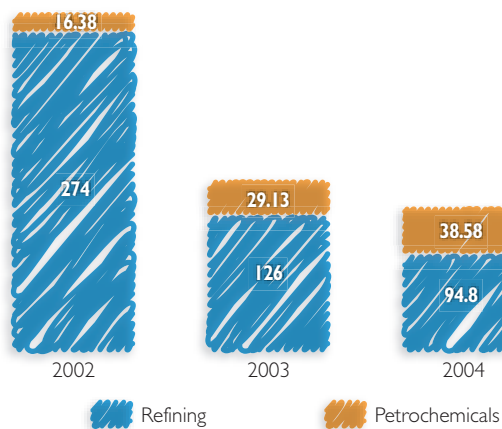
In 2004 over 26.11 million m³ of external water was consumed in the course of CEPSA's manufacturing processes. This 16% increase is because 2004 was the first year in which INTERQUISA Canada became fully operational.

CEPSA's production centres also have purifying plants for the treatment of sewage, to ensure its correct disposal. Analyses are performed on a daily basis to certify that established limits are respected.

Over 99% of liquid effluent at the "La Rábida" refinery is treated at its liquid effluent treatment plant.

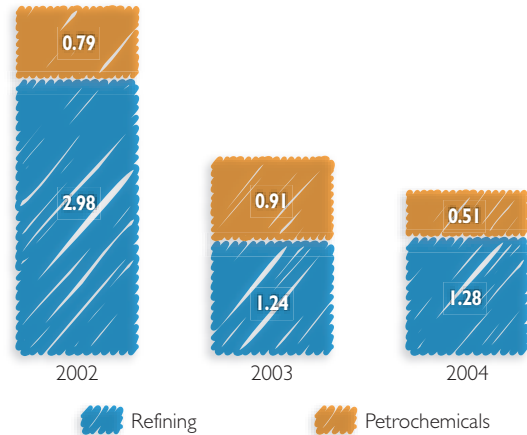
OIL AND GREASE

Tonnes / year



CHEMICAL OXYGEN DEMAND (COD)

Thousands of tonnes / year



Note: INTERQUISA Canada is not included as its waste is treated at a municipal plant.

TOTAL EXTERNAL WATER CONSUMPTION

Thousands of m³

	2004	2003	2002
Exploration and Production	531	142	5
Refining	14,472	12,374	11,616
Distribution	113	54	51
Petrochemicals	10,994	7,953	6,192

WATER DISPOSED OF IN THE ENVIRONMENT

Thousands of m³

	2004	2003	2002
Refining	8,726	8,109	8,411
Petrochemicals	5,175	3,313	3,302

Environmental investments of over Euros 40 million were carried out in 2004

ENVIRONMENTAL INVESTMENT

Environmental investments increased 54% in 2004 compared to 2003. Such investments were particularly noteworthy in the Refining area, where projects at the "Tenerife" refinery will help improve emission levels. Investments in Petrochemicals fell, following INTERQUISA's major investments in 2003 to expand the sewage and sludge treatment plants.

ENVIRONMENTAL INVESTMENTS

Expressed in Euros

2004	2003	2002
40,354,000	26,271,000	37,666,000

ENVIRONMENTAL INVESTMENTS

% of total environmental investments

	2004	2003	2002
Atmosphere	52.78	18.42	21.31
Land	25.10	25.48	19.75
Noise/other	11.39	15.79	8.25
Water	8.33	25.58	33.63
Volatile Organic Compounds	1.94	6.53	2.95
Waste	0.46	8.20	14.11

INVESTMENT BY AREAS OF ACTIVITY

% of total environmental investments

	2004	2003	2002
Refining	58.70	26.35	21.79
Distribution	30.29	51.23	32.14
Petrochemicals	10.26	19.76	45.32
Exploration and Production	0.75	2.66	0.75

PRINCIPAL ENVIRONMENTAL INVESTMENTS 2004

Exploration and Production	Algeria: Cleaning and restoration of tanks and leak detection systems in order to prevent soil contamination at the Ourhoud oil field. Colombia: environmental management
Refining	"Tenerife": Hydrodesulphuration I modification project, adaptation of the Amina Plant, construction of a new sulphur plant and installation of frequency converters to improve power plant emission levels. "La Rábida": Desulphuration projects: Adaptation and modification of specific units for the production of low-sulphur fuels. "Gibraltar": In order to minimise sub-soil filtrations, drainage collection systems are being improved. Replacement of port and monobuoy pipelines.
Distribution and Marketing	Service stations: Environmental risk management.
Petrochemicals	Spain: PETRESA - the adaptation of furnaces to use natural gas. INTERQUISA - installation of the new gas washer has concluded. Brazil: Ground water control system in DETEN. Canada: General modifications to the INTERQUISA sewage treatment plant.



C E P S A ' S C O N T R I B U T I O N



T O T H E C O M M U N I T Y

*CEPSA establishes long-term
and mutually beneficial collaborations
with the communities where it operates.
Jointly with other organisations,
CEPSA helps to develop numerous
community programmes*

CEPSA'S CONTRIBUTION TO THE COMMUNITY

In the context of sustainability, CEPSA places special emphasis on its contribution to the welfare and quality of life in the communities in which it operates. In 2004 CEPSA continued to support social, cultural, environmental and sports initiatives, earmarking over Euros 1,800,000 for these activities during the year.¹²

In most cases, the projects have been carried out in collaboration with experts and companies specialised in the different areas. Using the best knowledge available, CEPSA tries to ensure maximum efficiency in its contributions to the community.

All of the social projects in which CEPSA participates have a common purpose: to satisfy the needs of the different communities at which they are aimed and demonstrate CEPSA's commitment to society at large.

¹² For full details of CEPSA's community programme, see Appendix E.

COMMUNITY PROJECTS

Once again this year CEPSA has supported community projects in its areas of operation, aimed at people with varying problems and needs.

These initiatives have mainly comprised donations of medical materials, financing of infrastructure construction or assistance to marginal communities.

CEPSA has contributed to the regeneration of a deprived neighbourhood in the old town of Palos de la Frontera, where projects have been undertaken to restore and improve the area. These initiatives have included, inter alia, improving sports grounds, paths and planting trees.

In the healthcare sector, projects have included support for the construction of healthcare units in Colombia and septic tanks along the roadways of San Antonio, San Roque, San Diego and Cerritos, benefiting 29 families. Medical equipment was purchased to improve neonatology services at two Algerian hospitals, Hassi Messaod and Ouargla. Funds have also been earmarked to improve infrastructures, restoring an aqueduct and repairing roads in Colombia. Finally, mention should be made of the voluntary work of CEPSA employees in Brazil, who have formed a choir and perform in orphanages, old people's homes and



Poster from the Environmental Education Programme (Tenerife).



Information Panel at the Laguna Primera de Palos (Huelva).



Donated medical equipment in Algeria.

CEPSA's involvement in community projects always has a common goal: to satisfy the needs of the different groups at which the projects are aimed and to demonstrate its commitment to the social environment

hospitals in the local community where the plant is located. Brazil also has programmes with employees for the collection of toys and food, for subsequent donation to NGOs and other organisations.

CULTURE AND EDUCATION

Through its support of cultural, educational and scientific activities, CEPSA helps preserve popular culture and traditions as well as promote youth education. Within the cultural sphere, the Company has collaborated in activities including the Jimena de la Frontera music festival in Cádiz, the Canaries Music Festival, art exhibitions such as that of the Huelva artist Antonio Belmonte at the Museum of Huelva and the Vázquez Díaz de Nerva Modern Art Centre, and the promotion of young musicians through contests and production of their music on DVD. CEPSA also participates in the conservation of artistic heritage, such as the restoration of the Cristo de la Misericordia at the Corpus Cristi parish church in Cádiz and the restoration of ten eighteenth century paintings at the La Rábida Monastery in Huelva.

CEPSA's keenness to promote cultural activities is reflected by its membership of the Príncipe of Asturias, Friends of the Prado Museum and Carteja Foundations, as well as the Estrecho Cultural Forum Foundation.

CEPSA also supports and promotes youth education by means of summer courses at different universities, awards grants and prizes to top academic students and backs different institutions that facilitate the employment of recent graduates. In terms of higher education, mention should be made of the Company/University partnership in Energy and the Environment at the Madrid Escuela Técnica Superior de Ingenieros de Minas (Engineering faculty), which promotes training in areas related to energy, oil, and the environment. The objective is to train students with a view to possibly joining the sector; complete the training of teachers specialised in energy and oil-related techniques and to extend the horizons of research into real and relevant issues. Noteworthy secondary education activities include the Education Incentive Programmes carried out at 68 schools in Camaçari y Dias D'Avila, Brazil, aimed at both teachers and students and consisting of workshops in subjects such as art, sex education and mathematics, and the Apprentice Programme in Salvador, Brazil, through which the Company provides adolescents with two years' education in IT maintenance at a vocational training centre.



TAMAR project, protection of marine turtles in Brazil, sponsored by DETEN Química.



"Carteja II", sponsored by CEPSA.



Poster from Jimena International Music Festival.

ENVIRONMENT

CEPSA is conscious of the importance of promoting respect for the environment. Initiatives in this area come within the framework of educational programmes, the research area and conservation and restoration of countryside.

Initiatives such as the World Wetland Day in Huelva have been developed to encourage children to respect nature, with training and educational days organised for primary school children. Environmental training programmes have also been conducted for students and teachers in Bahía (Brazil). Furthermore, CEPSA has collaborated with the Loro Parque Foundation and the Canary Islands education authorities in publishing the magazine "Our Planet", which is distributed to approximately 400 schools and aims at promoting protection of the environment.

In the research area, CEPSA is developing a project in collaboration with the University of Huelva's Department of Forestry Sciences entitled "Evolution of soils on perennial plantations after the incorporation of sludge and mud from oil refineries". The objective of this project is to study the possibility of using sludge directly in farming, particularly for soil. CEPSA is also working towards the protection of natural areas through collaboration in different

projects, including the "Viva o Mangue" project in Maragogipe (Brazil) with the NGO "Vovó do Mangue". The project involves maintaining a mangrove nursery to use the trees to replenish impoverished parts of the mangrove swamps, while promoting the environmental education of young people and fishermen in the area. In 2004, 25,425 seedlings were produced in the nursery and 9,100 m³ of mangrove swaps were replenished, with 13,300 mangrove trees planted. Courses in environmental protection were taught to 4,186 people. Also in Brazil, 148 plastic rubbish containers were placed along the Salvador beaches around Forte Mont Serrat and Parque de Pituauçu. This initiative helped prevent almost eleven tonnes of rubbish being dumped along the coastline and in the waters of the lagoons. Selective rubbish collection in the Pituauçu park (project Clean Park) achieved 868m³ of recycled material in one year.

In Palos de la Frontera, CEPSA annually renews a collaboration agreement for the conservation, maintenance and management of the Laguna Primera de Palos, providing advice on projects relating to birdlife habitats. The objectives of this agreement also include detection and evaluation of factors that could endanger the ecosystem, collaborative research projects on natural resources and the publication of results from replenishment work. CEPSA also supported studies and work that enabled the lagoon



Kingfisher at the Laguna Primera de Palos.



CEPSA fencing club.



CEPSA cycling club.

Moving towards sustainable development” aimed at making young people aware of the challenge of harmonising economic progress with environmental conservation and social development

to be classified as wetland by the Ramsar convention at the date of this report. The Ramsar convention is an intergovernmental agreement signed in 1971 to provide a framework for national initiatives and international cooperation for the conservation and use of wetlands and their resources.

SPORT

CEPSA's sports programme revolves around the promotion of traditional sports. A wide range of activities are carried out in the areas where CEPSA is located, generally hand in hand with local sports clubs or councils. Sports bringing young people together range from sailing and football to cycling and fencing.



Laguna Primera de Palos, wetland recoverd by CEPSA.



A P P E N D I C E S



APPENDIX A. TRAINING INDICATORS

MOST SIGNIFICANT TRAINING COURSES IN 2004

COURSE	AIM	MANAGERS AND DEPARTMENT HEADS	ENGINEERS AND GRADUATES	TECHNICAL ENGINEERS	SPECIALISTS	ASSISTANTS
R.P.O.	Course in refining and petrochemical operations to ensure that plant operations are carried out correctly, complying with specific methods, procedures and regulations, with the highest safety standards and respect for the environment.	–	2	14	86	11
DEPASO store opening	Pre-launch orientation with the different areas and elements of a DEPASO store, basic merchandising principles and correct management of goods.	–	–	–	50	186
Administrative optimisation	Develop different basic skills to improve results from professional performance.	–	–	12	35	–
Administrative skills	Develop different skills necessary to effectively perform professional tasks.	10	25	71	83	–
Introduction to CEPISA	Provide participants with a general overview of CEPISA and its field using an e-learning methodology.	–	34	93	105	–
Prevention of work-related risks in offices	Raise awareness of work-related risks in professional performance and the preventative measures that should be taken. Promote adherence to standards and improved procedures to prevent accidents.	17	26	58	42	1
Training modules	Guarantee that professionals in production, maintenance and distribution areas know how to act in routine and, particularly, risk and emergency situations.			60	534	59
Tax legislation updates	Monitor and discuss updates to tax legislation.	36	48	17	10	
Interpersonal functions at plant	Develop managerial functions of the refinery managers.	22	87			
Technical diploma in prevention of work-related accidents	Train specialists in work-related accident prevention at production plants.	7	150	87	66	

APPENDIX B. FINANCIAL DATA

MAIN FIGURES OF THE CEPSA GROUP	2004	2003	2002
Results (Euros million)			
Turnover	14,688	13,199	11,459
Turnover ¹	12,519	11,056	9,407
Gross operating profit, GOP	1,306	1,292	764
Operating profit	923	925	484
Operational profit	932	946	581
Consolidated profit after income tax	650	612	461
Dividends agreed by CEPSA ²	268	254	185
Return on average equity (ROAE) (%)	21	22.6	19.28
Return on capital employed, ROCE (%)	15.13	15.11	12.86
Financial data (Euros million)			
Share capital	268	268	268
Shareholders' equity ³	3,292	2,899	2,518
Capital employed	4,510	4,206	4,049
Funds generated on operations	1,075	1,028	660
Total funds generated	1,066	1,060	777
Investments made during the year	539	485	709
Financial data per share (in Euros)			
Funds generated	3.99	3.96	2.91
Profit after income tax	2.43	2.29	1.72
Dividends agreed charged to each year	1	0.95	0.69
Pay out (%)	41	42	40
Stock exchange data			
Average price (Euros)	28.37	25.67	16.58
Price at 31 December (Euros)	29.7	27.5	17.39
Stock market capitalisation at 31 December (Euros million)	7,947	7,358	4,653
Return: Dividend as a % of average price (%)	3.52	3.7	4.16
PER (as a % of average price for the year)	11.67	11.22	9.63
Operational data (millions of tonnes/year)			
Refining capacity	22.2	22.2	22
Distilled crude oil	20.9	21.1	20.5
Marketed products ⁴	29	27.9	25.8

¹ Excluding special tax on oil.

² For comparative purposes, in 2004 the dividend has been included subject to approval at the annual general shareholders' meeting.

³ Before distribution of complementary dividend for the year.

⁴ Excludes crude oil sales.

APPENDIX B. FINANCIAL DATA

BALANCE SHEET		Millions of euros		
ASSETS	2004	2003	2002	
A. Uncalled share capital	–	–	–	
B. Fixed assets:	3,956	3,659	3,679	
I. Establishment costs	1	–	5	
II. Intangible assets	981	902	933	
III. Tangible assets	2,651	2,405	2,313	
IV. Investments	323	352	428	
C. Goodwill on consolidation	90	99	95	
D. Deferred expenses	63	57	58	
E. Current assets:	2,799	2,401	2,179	
I. Unpaid calls on share capital	–	–	–	
II. Stocks	736	736	674	
III. Debtors	1,795	1,418	1,364	
IV. Short-term investments	177	182	76	
V. Cash in hand and at banks	50	41	36	
VI. Prepayments	41	24	29	
Total assets	6,908	6,216	6,011	
SHAREHOLDERS' EQUITY AND LIABILITIES				
A. Shareholders' equity:	3,292	2,899	2,518	
I. Share capital	268	268	268	
II. Share premium	339	339	339	
III. Revaluation reserve	91	91	91	
IV. Other reserves attributable to the Parent company	1,310	1,067	896	
V. Fully or proportionally consolidated companies' reserves	831	726	625	
VI. Reserves in equity-accounted companies	(45)	(52)	(55)	
VII. Conversion differences	(40)	(40)	(45)	
VIII. Profit and loss attributable to the parent company	650	612	461	
IX. Interim dividends for the year	(112)	(112)	(62)	
B. Minority interests	40	38	36	
C. Consolidation losses	1	2	4	
D. Deferred income	339	363	239	
E. Provision for liabilities and charges	271	303	302	
F. Long-term creditors:	902	954	1,148	
I. Bonds and other marketable securities	–	–	–	
II. Bank loans	736	836	997	
III. Other creditors:				
Remunerated financial debt	71	39	57	
Remunerated other debt	95	79	80	
IV. Associated companies	–	–	14	
G. Current liabilities:	2,063	1,657	1,764	
I. Bonds and other marketable securities	–	–	–	
II. Financial debt:				
Bank loans	305	260	242	
Other remunerated debt	67	57	234	
III. Associated companies	247	235	208	
IV. Trade creditors	1,035	743	735	
V. Other creditors	400	353	339	
VI. Accruals	9	9	6	
Total shareholders' equity and liabilities	6,908	6,216	6,011	

APPENDIX B. FINANCIAL DATA

GRANTS RECEIVED (MILLION)

	2004	2003	2002
Grants received *			
European Union	171		
Central Spanish Government	2,262	20,650	
Spanish Regional Communities		3,733	3,119
Capital grants subtotal	2,433	24,383	3,119
Operating grants **	2,248	2,791	2,945
Income tax. Applicable credits and deductions	44,138	29,992	33,018
Subtotal grants	48,819	57,166	39,082

* Received grants correspond to those awarded to CEPSA in 2004 and those awarded to INTERQUISA for the new PTA plant in 2003.

** Entirely from Spanish companies

APPENDIX B. FINANCIAL DATA

ENVIRONMENT-RELATED FINES

YEAR	COMPANY	CLAIMANT	REASON
2004	"Tenerife" refinery	Urban and Natural Resource Protection Agency	Accidental spillage
2004	"Gibraltar" refinery	Environmental Office (Reg. Government of Andalusia)	Atmospheric emissions
2004	"Gibraltar" refinery	Environmental Office (Reg. Government of Andalusia)	Atmospheric immissions
2004	INTERQUISA	Environmental Office (Reg. Government of Andalusia)	Atmospheric emissions
2004	Service Station	Duero water board	Spillage
2004	Service Station	Duero water board	Spillage
2004	Service Station	Tajo water board	Spillage
2003	"Gibraltar" refinery	Environmental Office (Reg. Government of Andalusia)	Sea discharge
2003	"Gibraltar" refinery	Environmental Office (Reg. Government of Andalusia)	Sea discharge
2003	CEPSA Elf Gas	Albatárrec Council	Absence of environmental licence
2003	Service Station	Tajo water board	Lack of authorisation
2002	PETROCAN	Santa Cruz de Tenerife Port Authority	Fuel leakage



STATUS	EXPLANATION	PRODUCT
Plea stage	Oil spill in waters of Puerto de Santa Cruz in Tenerife, in spot known as Castillo Negro	Nature and source of leaked product not proven
Appeal raised	Emission limits exceeded	SO ₂ (sulphur dioxide)
Appeal raised	Immission limits exceeded	SO ₂ (sulphur dioxide)
Appeal raised	Breach of authorisation for processing of hazardous waste, as established limit was exceeded	CO (carbon monoxide) and TOC (Total organic carbon)
In process	Spillage in Cea river deriving from Service Station n° 11.386	Oil
In process	Spillage deriving from Service Station n° 11.387	Oil
In process	Sewage water spillages deriving from Service Station n° 15.128	Sewage water
Fine appealed	Discharge of waters by emissary submarine with oil components exceeding the limit established by the discharge authorisation	Oil
Fine appealed	Discharge of oil-containing waters into river, by means of a rain water channel, without authorisation	Oil
In process	Administrative Appeal filed by CEPSA Elf Gas against the Agreement with Albatárrec Council, which ordered the removal of two LPG deposits supplying 2 developments which did not have environmental licence	
Initiation of sanctions which had an unfavourable ruling	Diversion of groundwaters from a well, without administrative authorisation, by Service Station n° 31.542	
In process	Leakage of fuel oil in Puerto de Santa Cruz in Tenerife during ship supply manoeuvre	Fuel oil

APPENDIX C. EMPLOYMENT INDICATORS

DISTRIBUTION OF ACTIVE PERSONNEL BY WORKING DAY

	2004		2003		2002	
	EMPLOYEES	%	EMPLOYEES	%	EMPLOYEES	%
Full time	10,206	97	10,093	98	9,969	98
Part time	328	3	206	2	218	2
Total personnel	10,534	100	10,299	100	10,187	100

PERSONNEL DISTRIBUTION BY COLLECTIVE LABOUR AGREEMENT

COLLECTIVE LABOUR AGREEMENT	SPANISH COMPANIES			FOREIGN COMPANIES			TOTAL	
	NUMBER	PERSONNEL	%	NUMBER	PERSONNEL	%	PERSONNEL	%
Company	11	4,280	44.64	1	150	15.84	4,430	42.05
Service stations	7	4,054	42.29	1	283	29.88	4,337	41.17
Chemical industry	3	209	2.18	2	405	42.77	614	5.83
Commerce	21	618	6.45	1	8	0.84	626	5.94
Offices	4	252	2.63			0.00	252	2.39
Others	4	130	1.36			0.00	130	1.23
Without collective labour agreement	2	44	0.46	6	101	10.67	145	1.38
Total	52	9,587		11	947		10,534	

APPENDIX D. CERTIFICATIONS OF CEPESA SYSTEMS FOR QUALITY, ENVIRONMENT AND PREVENTION OF WORK-RELATED RISKS

REGISTERED COMPANY CERTIFICATES (ISO 9001:00)

OIL	STANDARD	DATE	ACTIVITIES/PRODUCTS
"Gibraltar" refinery	ISO 9001:00	12/07/94 28/11/00	Manufacture of all products Tanker consignment service
"La Rábida" refinery	ISO 9001:00	18/03/93	Manufacture of all products
"Tenerife" refinery	ISO 9001:00	05/02/96	Manufacture of all products
LUBRISUR	ISO 9001:00 ISO 16949	30/09/93 12/02/04	Manufacture of bases, paraffin and lubricants Design and marketing of paraffin Design, development and production of automotive lubricants
CEPSA Lubricantes, S.A.	ISO 9001:00	28/12/95	Design, planning, marketing and after-sale service: - Bases - Lubricant and paraffin products
Búnker CEPSA	ISO 9001:00	25/07/96	Sale and distribution of bunker products
Distribución CEPSA	ISO 9001:00	17/06/97	Distribution and transport of liquid fuel by road
Productos Asfálticos, S.A. - Madrid - Alcalá de Henares - Tarragona - Motril - Valencia - Seville - Alicante - Alcadía	ISO 9001:00 ISO 9001:00	28/10/97 09/12/98 21/12/99 28/10/00	Distribution and marketing of: - Bitumen Production, distribution and marketing of: - Bitumen emulsions - Polymer-modified bitumen and oxydised bitumen Production, distribution and marketing of: - Bitumen emulsions - Polymer-modified bitumen and oxydised bitumen - Special products
CMD Aeropuertos Canarios	ISO 9001:00	07/10/98	Receipt, storage and supply of aviation fuel
CEPSA Comercial Madrid, S.A.	ISO 9001:00	09/02/00	Receipt, storage and distribution of energy products
CEPSA Portuguesa	ISO 9001:00	17/11/00	Receipt, storage, sale and distribution of fuel products, bulk bitumen and lubricants. Manufacture of emulsions
Ecología Canaria, S.A.	ISO 9001:00	16/05/02	Collection, transport, treatment and elimination of oil-waste and oil-contaminated elements
Petróleos de Canarias	ISO 9001:00	28/02/03	Receipt, storage and distribution of marine fuel in Gran Canaria and Tenerife
PETROPESCA, S.L.	ISO 9001:00	20/11/03	Marketing and distribution of marine fuel
CEDIPSA - Mirasierra Service Station	ISO 9001:00	28/07/03	Sale of motor automotive fuel and products in the service station shops

APPENDIX D. CERTIFICATIONS OF CEP SA SYSTEMS FOR QUALITY, ENVIRONMENT AND PREVENTION OF WORK-RELATED RISKS

REGISTERED COMPANY CERTIFICATES (ISO 9001:00)

PETROCHEMICALS	STANDARD	DATE	ACTIVITIES/PRODUCTS
ERTISA	ISO 9001:00	10/04/92	Manufacture of all products.
CEPSA U.K. Limited	ISO 9001:00	12/08/92	Import, sale and distribution of petrochemical products.
PETRESA - C.A. San Roque - C.A. Madrid - C.A. Brussels	ISO 9001:00 ISO 9001:00 ISO 9001:00	01/10/92 12/11/92 21/02/97	Manufacture, market study, sale, distribution and invoicing of all products. Sale and distribution of linear alkyl benzene and derived products.
INTERQUISA	ISO 9001:00	21/03/94	Production and marketing of: - Purified terephthalic acid (PTA) - Dimethyl terephthalate (DMT) - Purified isophthalic acid (PIPA)
PETRESA Canadá INC.	ISO 9001:00	05/12/96	Manufacture of: - Linear alkyl benzene. - Heavy alkylate
ERTISA Netherlands	ISO 9001:00	07/07/97	Marketing of: - Phenol - Acetone - Ams
ERTISA G.B.	ISO 9001:00	07/07/97	Marketing of: - Phenol - Acetone
CEPSA Italia S.p.A	ISO 9001:00	18/04/00	Marketing of chemical and petrochemical products.
DETEN Química, S.A.	ISO 9001:00	31/05/96	Production, distribution and sale of: linear alkyl benzene, heavy alkylate, sulphonic acid.

APPENDIX D. CERTIFICATIONS OF CEP SA SYSTEMS FOR QUALITY, ENVIRONMENT AND PREVENTION OF WORK-RELATED RISKS

ENVIRONMENTAL MANAGEMENT SYSTEM (ISO 14001/EMAS)

OIL	STANDARD	DATE	ACTIVITIES/PRODUCTS
"Gibraltar" refinery	ISO 14001 EMAS	30/10/98 20/07/99	Manufacture of all products
"La Rábida" refinery	ISO 14001 EMAS	24/10/97 12/01/99	Manufacture of all products
"Tenerife" refinery	ISO 14001 EMAS	29/10/97 02/02/01	Manufacture of all products
Lubricantes del Sur	ISO 14001 EMAS	28/04/00 17/04/01	Manufacture of all products
CEDIPSA E.S. Mirasierra	ISO 14001	28/07/03	Sale of automobile fuels and shop products at Service Stations
PROAS Factoría Alcalá de Henares	ISO 14001	20/05/04	Design and manufacture of all products
INTERQUISA	ISO 14001	09/06/98	Manufacture of all products
PETROCHEMICALS			
ERTISA	ISO 14001	30/12/99	Manufacture of all products
DETEN Química, S.A. *	ISO 14001	31/05/96	Manufacture of all products
PETRESA	ISO 14001 EMAS	27/09/95 26/02/97	Manufacture of all products
PETRESA Canadá Inc. *	ISO 14001	31/05/96	Manufacture of linear alkyl benzene and heavy alkylate

* EMAS certification not applicable, companies located in Brazil and Canada, respectively.

APPENDIX D. CERTIFICATIONS OF CEPSA SYSTEMS FOR QUALITY, ENVIRONMENT AND PREVENTION OF WORK-RELATED RISKS

RISK PREVENTION SYSTEM (OHSAS 18001)

OIL	STANDARD	DATE	ACTIVITIES/ PRODUCTS
"La Rábida" refinery	OHSAS 18001	09/10/03	Manufacture of all products
"Tenerife" refinery	OHSAS 18001	23/10/03	Manufacture of all products
"Gibraltar" refinery	OHSAS 18001	19/03/04	Manufacture of all products
PETROCHEMICALS			
ERTISA	OHSAS 18001	26/11/04	Manufacture of all products
PETRESA	OHSAS 18001	20/12/04	Manufacture of all products
PETRESA Canadá	OHSAS 18001	22/12/04	Manufacture of all products
ACCREDITED TESTING LABORATORIES (ISO 17025)			TESTS
"Gibraltar" refinery	ISO 17025	26/10/93 07/07/00	Testing of oil products and lubricants Testing of effluents
PETRESA	ISO 17025	09/07/99	Physical-chemical testing of effluents and lixiviates
"La Rábida" refinery	ISO 17025	02/02/01	Physical-chemical testing of effluents
Research centre	ISO 17025	10/05/01	Testing of oil products

APPENDIX E. COMMUNITY PROGRAMME

MAIN ACTIVITIES IN THE COMMUNITY

Penya Paddock-Astrade Motorcyclist Association: Motorcycle rally. Funds collected from this event are donated to the association of families with children with behavioural disorders (Madrid)

Solidarity Art and Experimental Theatre: choir formed by Company volunteers, which performs in orphanages, nursing homes and hospitals (Camaçari, Brazil)

San Francisco de Asis Nursing Home (Salvador; Brazil)

Parents Association for mentally handicapped children (Salvador; Brazil)

Young Entrepreneurs Association (Madrid)

Bahia Association for Competitive Management (Salvador; Brazil)

New Ways Association: promotion of integration of the individual in deprived areas (Madrid)

Huelva Nursing Home: several activities have been developed with assistance from the Hermandad del Rocío

Farming Associations: assistance to 17 farming associations in Tolima (Tolima, Colombia)

Special family education centre (CEFAES): Advise and support parents of children with psychological disorders. This centre provides scientific research and educational assistance (Madrid)

Reproduction Research and Assistance Centre (Salvador; Brazil)

El Carmen soup kitchen: Contributions for the upkeep of the soup kitchen (Algeciras, Cádiz)

Missionary Community of Saint Paul the Apostle: collaboration in comprehensive development programmes for the most needy communities (Madrid)

Community assistance (COSOCIAL) (Madrid)

Red Cross: distribution of food to the poor (Algeria)

Economists Without Borders (Madrid)

Medical equipment: delivery of medical equipment to improve the neonatology services of the Hassi Messaoud and Ouargla hospitals (Algeria)

Fire-fighter training: training courses on liquefied petroleum gas offered at several fire stations (Spain)

City of Joy Foundation (Madrid)

Diabetes Foundation (Madrid)

PRODIS Foundation: social, work and family integration of children and young people with disabilities through development of comprehensive educational projects (Madrid)

CES Foundation (Spanish Solidarity Centre): drug addiction prevention programme (La Línea, Cádiz)

Down Syndrome Foundation: created to provide adequate assistance to persons with down syndrome and their families with school, labour and social integration (Madrid)

APPENDIX E. COMMUNITY PROGRAMME

MAIN ACTIVITIES IN THE COMMUNITY

Marillac Home: entity committed to the care of terminally-ill AIDS patients (La Línea, Cádiz)

IBERMED – Doctors for Latin America: Ecuador Surgical Project 2004 (Huelva)

Colombian Institute for Family Welfare: Support to children's homes (Tolima, Colombia)

Intermon Oxfam - collaboration with Cirque du Soleil's charity performance. Funds are used to educate and provide job placement to the young people of Tiraque's rural areas (Bolivia) and a social integration project for children and adolescents in Burkina Faso (Madrid)

Installation safety training provided at local councils: classes given at different local councils to inform users of the correct handling of gas devices (Spain)

Marianas San Vicente Paúl youth group - “Contigo” centre: assistance provided to the children of marginalised families (La Línea, Algeciras)

NACCI (Núcleo de Apoio ao Combate de Cancer Infantil/Support group for the fight against children's cancer); Institución de la caridad Lar Irma María Luiza; Casa da Fraternidade: funds generated on the sale of scrap metal are donated to three charities of the Bahia state proposed by employees (Camaçari, Brazil)

Nao Victoria: Fuel supplied to the Victoria ship for its trip from Spain to Japan for the Japanese Expo (Seville)

NASPEC (Núcleo Assistencial para Pessoas com Câncer/Assistance for persons with Cancer): the money to buy Christmas gifts for clients and suppliers was donated to NASPEC (Camaçari, Brazil)

New Future: Orphanage homes (Campo de Gibraltar, Cádiz)

Botafuegos Prison: organises sporting events for prisoners involving professional teams (Algeciras, Cádiz)

Apprentice programme: programme involving IT training for adolescents (Salvador, Brazil)

GAVEA PROJECT (Galician Confederation Of Handicapped Persons): sailing around the Iberian Peninsula in a sail boat manned by handicapped persons (Galicia)

Hombre Project: Prevention and eradication of drug addiction (Huelva)

Community projects in Colombia: infrastructures: renovation of an aqueduct and restoration of the Saldaña-Purificación-Prado road and involvement in corporate projects (Tolima, Colombia)

SECOT (Spanish Seniors for Technical Cooperation): collaboration by working and retired qualified professional volunteers who offer their corporate management experience and knowledge (Madrid)

Healthcare units: construction of healthcare units and septic tanks in San Antonio, San Roque, San Diego and Cerritos (Tolima, Colombia)

APPENDIX E. COMMUNITY PROGRAMME

MAIN CULTURAL ACTIVITIES

Literary activities: Publication of the book entitled *Último Verano a la Sombra del Peñón* (San Roque, Cádiz)

Literary activities: Publication of UNED's [Spanish National University of Distance Education] book entitled *Europhoros* (Algeciras, Cádiz)

Literary activities: *Tesoros de la Semana Santa*: Publication on the evolution of processional iconography in Huelva (Huelva)

Literary activities: Guide to nativity scenes: publication of the mysteries and nativity scenes that can be visited in Huelva (Huelva)

AISEC (International association of students in economics and commerce): international platform for young people to discover and develop their potential (Madrid)

Madrid Press Association: contributes to the development of the Programa Primer Empleo [First job programme] (Madrid)

Campo Gibraltar Press Association: organisation of the Premio Literario Periodistas del Estrecho [Literary Award for Straits of Gibraltar Journalists] contest and publication of the winning book (Campo de Gibraltar, Cádiz)

Tenerife Carnival (Santa Cruz de Tenerife, Canaries)

CEPSA stand at the Royal Fair with community prizes (San Roque, Cadiz)

CEPSA-Real Colegio Complutense in Harvard University: grants scholarships and collaborates in scholarly and scientific activities (Madrid)

CEUTA's military history and culture: recovery of CEUTA's military archives (Ceuta)

Literary contest: support provided for the literary prize granted by the municipal school of Linares (Linares, Jaén)

Collaboration with Real Instituto Elcano (Madrid)

"Ciudad de La Línea" national piano competition (La línea, Cádiz)

Confederation of Educational and Management Centres (Madrid)

CSR course (Part I): information on the different aspects of CSR provided to professionals and university students with a multidisciplinary focus (Huelva)

Diálogo – Association for the development of friendships between Spain and France: foster and encourage activities leading to better understanding and dialogue between Spain and France in all areas (Madrid)

Antonio Belmonte exhibit: artist from Huelva

Islantilla Film Festival (Isla Cristina, Huelva)

Canaries Music Festival: festival held simultaneously in Santa Cruz de Tenerife and Las Palmas de Gran Canaria (Las Palmas and Tenerife, Canaries)

Latin American Theatre Festival (Cádiz)

Jimena de la Frontera's International Music Festival (Jimena de la Frontera, Cádiz)

Friends of the Prado Museum Foundation (Madrid)

APPENDIX E. COMMUNITY PROGRAMME

MAIN CULTURAL ACTIVITIES

Straits of Gibraltar Cultural Foundation: contributes in the training and participation of citizens in the most relevant matters relating to political and social coexistence in CEUTA (Ceuta)

Gómez Pardo Foundation- Higher Technical School of Mine Engineering (UPMA): CEPSA- Professorship in Energy and Environment (Madrid)

Príncipe de Asturias Foundation (Oviedo, Asturias)

Literary board: support in the organisation of an art and book exhibit for the Company free of charge (Las Palmas de Gran Canaria, Canary Islands)

Pedro Ferrándiz Foundation: International centre of basketball documentation and research (Alcobendas, Madrid)

Luso Española Foundation (Madrid)

Universidad Carlos III de Madrid Foundation: scholarships for Maghreb studies (Getafe, Madrid)

San Pablo – CEU University Foundation: third edition of summer courses on historic patrimony in Burgo de Osma-Soria: "Recover the past or build a new future? Other development alternatives" and "Energy management and climate change" (Madrid)

Puertos de las Palmas Foundation (Las Palmas)

Institute of Gibraltar Studies: publication of local science, art and literary books (Commonwealth of Campo de Gibraltar municipalities, Cádiz)

II Conference on the Management and Preservation of Alcornocales: conference on the management and preservation of the Alcornocales park (Jerez-Cádiz)

Carteia Museum: opening and maintenance of the museum which exhibits objects discovered during excavations. Publication of the book titled Carteia II (San Roque, Cádiz)

Cruz Herrera Museum (La Línea, Cádiz)

Polo Award for Education Incentives: together with Polo Industrial de Camaçari companies and led by the public schools of Camaçari and Dias d'Ávila, an award is granted to the best social-environmental project submitted (Brazil)

Education Incentive Programme: Programme provided in 68 schools for teachers and students involving the teaching of art, sex education and mathematics (Camaçari and Dias D'Ávila, Brazil)

Restoration of the Christ statue of the Corpus Christi parish: Sculpture of a new Christ statue for the Corpus Christi parish (Algeciras-Cádiz)

Seminar on Marine Lubricants and Applications: seminars given in schools of advanced civil marine studies and nautical faculties of several Spanish provinces (Madrid)

Cultural festivities organised by the Santa Cruz council: sponsorship of plays and musicals of different genre (Santa Cruz de Tenerife)

UNED [Spanish National University of Distance Education]: support to the regional centre (Algeciras, Cádiz)

Universidad de Cádiz: collaboration in organising cultural acts for the summer and autumn courses (Cádiz)



APPENDIX E. COMMUNITY PROGRAMME

MAIN CULTURAL ACTIVITIES

Universidad de Cádiz-CASEM: Bioconcentration, biotransformation and toxicity of synthetic surfactants in *ruditapes semidecussata* and *solea senegalensis* (Cádiz)

Universidad de Huelva: provide digital reference of technical magazines; scholarships to study abroad; prizes to the best academic transcript of the 9 faculties of the Huelva University; Recognition of the best legal research projects; scholarships to obtain doctorate degrees (Huelva)

Universidad Autónoma de Madrid: study conducted on the anaerobic biodegradation of LAS in sediments of coastal systems. Participation in the European project BALAS with Cádiz University (Madrid)

Universidad Complutense de Madrid: study conducted on the selective separation of a mix of oils with molecular sieves (Madrid)

Universidad de Pernambuco: control and validation of the anaerobic treatment at actual scale, the treatment plant for domestic drainage in Mangueira (Recife, Brazil)

Universidad de Zaragoza: test catalysts for dehydrogenation of alkanes (Zaragoza)

APPENDIX E. COMMUNITY PROGRAMME

MAIN ENVIRONMENTAL ACTIVITIES

Literary activity: Guía Espacios Naturales de la provincia de Huelva [Guide to Huelva's nature reserves] (Huelva)

CEPSA professorship in the study on the evolution of soils with perennial crops subsequent to the incorporation of mud and sludge from oil refineries (Huelva)

International Wetlands Day and International Environment Day: visits by school children, CEPSA employees and family members to the Laguna Primera de Palos (Palos de la Frontera, Huelva)

Environmental education in Costa do Descobrimento: In collaboration with the NGO ASCAE (Associação Cultural Arte e Ecologia/cultural association of art and ecology), DETEN supports the programme for environmental training provided to approximately 1,800 students and professors (Santa Cruz Cabrália and Porto Seguro, Brazil)

Meetings in Doñana: Communication and sustainability: meetings for students, professionals and institutions, focusing on sustainable development (Huelva)

Laguna Primera de Palos: restoration, conservation, maintenance and management of the lagoon. Organisation of Puertas Abiertas conferences (Palos de la Frontera, Huelva)

Peña del Viento: restoration and improvement of the area through the repopulation of trees, development of paths, construction of sports tracks (Huelva)

Polo award for environmental protection: incentive for publishing articles dealing with conservation of the environment and the popularisation of renowned activities or projects.

Adopt-a-small-company programme: the objective is to provide information on issues relating to environmental management and clean technologies, by providing free environmental advisory services to micro and small companies (Bahía, Brazil)

North eco-corridor project: signing of a protocol of actions undertaken by the government of Bahía and other entities for the conservation and development of the environment, sustainable development, protection of water resources and management of soil use (Bahía, Brazil)

Clean park and clean beaches project: maintenance of plastic wastebaskets for the collection of garbage on the beaches of Brazil. Incentive which prevents 5.2 tonnes of garbage per month from polluting the sand and water of beaches and lagoons (Brazil)

Tamar project: The purpose of this project is the protection of sea turtles. It also organises educational visits. (Camaári, Brazil)

Viva o Mangue project: recovery of areas stripped of mangrove forest and promotion of the environmental education of young people and fishermen (Maragojipe - Brazil)

Nuestro Planeta magazine: published and distributed to 400 high schools to spread environmental values (Canaries)

La Chatarra Mágica children's theatre: to provide information relating to environmental values (Tenerife Island)

Viajamos hacia el desarrollo sostenible [Moving towards sustainable development]: programme to raise awareness among high school students of the challenge of harmonising economic development with conservation of the environment and social development, as well as the individual and collective commitment required for sustainable development to be achieved (La Laguna and Santa Cruz de Tenerife, Canaries)

APPENDIX E. COMMUNITY PROGRAMME

MAIN SPORTING ACTIVITIES

Beach handball: collaboration in the organisation of the Spanish beach handball competition (Moguer; Huelva)

Children's trail competition (Segorbe - Castellón)

Cyclists club-Castulo: provide winter and summer equipment (Linares - Jaén)

San Roque sports club: provide equipment and transport (Cádiz)

Local trawlers' club (Gajano - Cantabria)

CEPSA Motocyclists Action Team Club: classes to improve motorcycle driving
Barakaldo-UPV Handball club (Barakaldo, Basque Country)

C.R. Linense rowing club (La Línea, Cádiz)

La Cañada golf club: Community tournament (Cádiz)

Regional rallies: Support is given to an amateur dirt rallies team (Madrid)

Motorcross competition: Participation of neighbourhood association in motocross (San Roque - Cádiz)

CEPSA fencing school (Huelva)

Huelva recreational soccer club (Huelva)

School of gymnastics (Santa Cruz de Tenerife)

Sailing school (Palos de la Frontera, Huelva)

Tenerife Island sailing federation (Santa Cruz de Tenerife)

Municipal sports institution: Transport for basic sports for local children and youth (La Línea, Cádiz)

Palos CEPSA 5th half-marathon (Palos de la Frontera, Huelva)

Young children's soccer open (La Línea, Cádiz)

8th mountain bike trail (Moguer; Huelva)

Local recreational centre: support provided to the children's soccer school (La Línea, Cádiz)

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* The indicators in this column (GC) relate to Global Compact principles.

¹ Global Compact.

GLOSSARY

AOP	Spanish Association of Oil Product Operators
Barrel	Standard measurement for crude oil, equivalent to 159 litres
Biodiesel	Fuel derived from vegetable oils
Biodiversity	Variety of species of flora and fauna in their natural environment
Block	Subdivided plot of land allocated for exploration and production
CEDIPSA	Company owned by CEPSA. Installation and operation of service stations
CNMV	Spanish National Securities Market Commission
CO	Carbon monoxide
CO2	Carbon dioxide
COASHIQ	Organisation which prepares statistics with the data from its associates, in Spain forming the largest representation of the industry related to chemical products. CEPSA's refineries and three petrochemical plants located in Spain are associated with this organisation
COD	Chemical Oxygen Demand. Amount of oxygen consumed by the compound reducers in water
Cogeneration	Energy generation system that produces heat and electricity in a single process with less environmental impact
Combined cycle	Energy generation systems that combine gas and steam turbine cycles to obtain better performance with less environmental impact
Declaration on Fundamental Principles and Rights at Work	Principles adopted by the International Labour Organisation at its meeting in June 1998. Its main purpose is to promote links between economic growth and social justice
DETÉN QUÍMICA	Company owned by CEPSA. Manufacture and marketing of petrochemicals
DMT	Dimethyl terephthalate
Ecoefficiency	Coined by the World Business Council for Sustainable Development in 1992, the term refers to the ability to produce more goods and services using fewer resources and producing less waste and pollution
Effluent	Waste in liquid form resulting from the different processes of a production plant
EFQM	European Foundation Quality Management
EMAS	Environment Management Audit System
Environment Protection	Activities carried out to prevent negative environmental impacts in areas surrounding production centres
EPA	United States Environmental Protection Agency. Set up in 1970 with objectives including the mission to develop and enforce legislation contained within environmental laws established by the United States Congress. Also carries out research activities to identify, understand and resolve current and future environmental problems

GLOSSARY

EPA 21	Method used by the United States Environmental Protection Agency to determine VOC leaks in working systems
ERTISA	Company owned by CEPSA. Manufacture and marketing of petrochemicals
ETBE	Ethyl tertiary butyl ether
EURO III	European standard which came into force in 2000 and introduced requirements related to contaminating emissions from motor vehicle engines. Replaced by EURO IV, expected to come into effect in October 2005
EURO IV	European standard for light passenger and goods vehicles which establishes strict limits on contaminating compound emissions
European Organisation for Quality	Organisation established in 1956 with 34 national members to promote quality management
FCC	Fluid Catalytic Cracking
FEIQUE	Spanish Chemical Industry Business Federation
GHG	Greenhouse gases.
GJ	Gigajoule. 109 joules. The joule is the work unit of the International System, equal to the work done by a force of one newton, whose point of application moves one metre in the direction of the force
GRI	Global Reporting Initiative. Independent institution which provides common guidelines for the preparation of sustainability reports
GW	Gigawatt
GWh	Gigawatt hour
Hydrodesulphurisation	Treatment to eliminate sulphur from fuel
INTERQUISA	Company owned by CEPSA, engaged in petrochemical manufacture and commercialisation
ISO	International Organisation for Standardisation. Independent organisation which produces voluntary and international standards
ISO 14001	Certifiable International environmental management standard developed by the International Organisation for Standardisation
ISO 9001	Certifiable International quality management standard developed by the International Organisation for Standardisation
Kyoto protocol	International agreement reached in 1997 through which the most developed countries undertook to reduce greenhouse gas emissions to stabilise the concentration of these gases in the atmosphere at a level which would not interfere dangerously with the climatic system
LDAR	Leak Detection and Repair programme
LUBRISUR.	Company 65% owned by CEPSA and engaged in commercialisation of lubricants

GLOSSARY

m3	Cubic metres
MEDGAZ	Company founded in 2001 for the study, design, construction and operation of the pipeline between Algeria and Europe via Spain
MW	Megawatt
MWh	Megawatt hour
National Plan for the Allocation of Emission Rights	Distribution of emission rights at installation level, in conjunction with the reduced emissions commitment agreed by each country on ratification of the Kyoto protocol
NOx	Nitrogen oxides
OHSAS 18000	Series of voluntary international standards to improve occupational health and safety management
Oil field	Significant accumulation of geographical material such as minerals, gases or oil
P.A.S.CAL	Environmental, safety and quality protection
PETRESA	Company owned by CEPSA. Engaged in the manufacture and marketing of petrochemicals
Petrochemistry	Industrial activity of the production of oil derivatives
PIPA	Purified isophthalic acid
PPM	Parts per million
PROAS	Company owned by CEPSA and engaged in the marketing of bitumen products
Responsible Care	Voluntary initiative aiming at continuous improvements in safety and protection of health and the environment. Known internationally as "Responsible Care" and applied in 47 countries
PTA	Purified terephthalic acid
REACH	Registration, Evaluation and Authorisation of Chemicals
Refinery	Oil refining installation
Refining	Oil purification process
RKF	Rhourde El Krouf oil field (Algeria)
SDA	Deasphalting unit of the lubricants plant at the "La Rábida" refinery
SO2	Sulphur dioxide
Spanish Association for Quality	Organisation committed to the support and promotion of a culture of quality, to increase the competitiveness of Spanish organisations

GLOSSARY

Stakeholders, Interested parties or Interest Groups	Persons or organisations with interest or influence in a company's activities (investors, shareholders, public entities, customers, employees, suppliers, organisations, ecologists, pressure groups, local communities, etc.)
Sulphonation	Process of obtaining sulphonic acid
t	Metric tonne
UNE 150008 EX	Spanish standard for evaluation of environmental risks from installations of business activity, particularly in the industrial sector. The standard was finalised and published on a test basis in 2000
UNE-EN ISO standard	International standard in the Spanish field
UNITED NATIONS GLOBAL COMPACT	Initiative created in 1999 by the Secretary General of the United Nations to encourage the private sector to undertake environmental, labour, human rights protection and anti-corruption commitments
Universal Declaration of Human Rights	Declaration by the United Nations General Assembly in December 1948 on basic and inalienable rights for all humans anywhere and at all times
VOCs	Volatile Organic Compounds
Voluntary Principles of the United Nations on Security and Human Rights	Set of recommendations directed at the private sector and developed by the governments of the UK, USA, Holland and Norway, to achieve a greater balance between the necessary protection of property and observance of human rights and basic liberties
VRU	Vapour recovery unit
Waste / residual upgrading	All processes which allow resources contained in waste to be reused

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