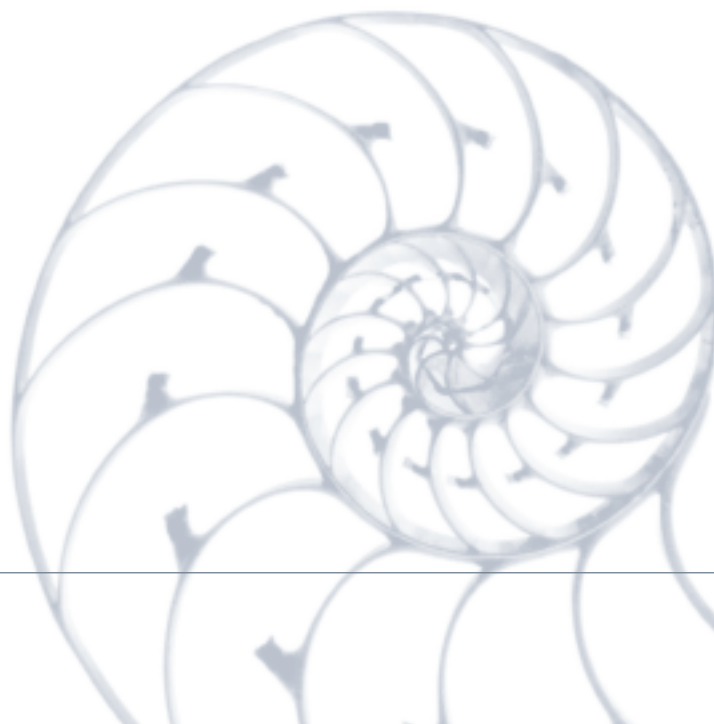




Responsible growth

2005 Sustainability Report



Scope

The 2005 Sustainability Report maintains the “in accordance” status and has been externally verified by an independent organisation

This is CEPSA's third Sustainability Report. The previous 2004 report was declared in accordance by the Global Reporting Initiative (GRI). The 2005 Sustainability Report remains in accordance and has been verified externally by an independent organisation based on the International Standard for Assurance Engagements (ISAE 3000).

This document sets out to measure, disclose and account for CEPSA's performance with regard to sustainable development. It describes the efforts made and milestones achieved in 2005. Indicators are also used to value the Company's commitment in the financial, social and environmental areas. The data and information contained in this report have been arranged on the basis of the 2002 version of the Sustainability Reporting Guidelines from the Global Reporting Initiative. Certain principles introduced in the third version of the aforementioned guidelines, G3, have also been followed. This version will be published in October 2006 and contains certain modifications to the 2002 version which CEPSA has considered appropriate for use in its 2005 Sustainability Report.

The contents of the Report have been designed based on a prior materiality study carried out to analyse those sustainability-related issues considered to be of the greatest importance to CEPSA's stakeholders. The Company's intention, therefore, is for the contents of the Sustainability Report to be aligned with the expectations of interested parties.

The Report includes information on all the business areas, subsidiaries and production, storage and distribution centres and units of both the Spanish and international companies in which CEPSA holds at least a 50% interest. Due to the information management systems available, the composition of the consolidated group has varied with regard to this percentage for certain indicators shown in the Report. The scope of the Report is therefore specified in each case throughout the document.

Information relating to the Exploration and Production area refers to all activities in which CEPSA participates, regardless of its percentage ownership.

Since 1st January 2005, companies quoted in European capital markets have been required to present annual accounts under International Accounting and Financial Reporting Standards (IAS/IFRS). As a result, the financial data in this Report is formulated differently to that presented in the preceding Sustainability Report. 2004 figures have been reformulated based on IFRS for purposes of comparison with 2005. 2002 and 2003 data has been prepared on the basis of the accounting criteria prevailing at that time.

The figures used in this document have been compiled from CEPSA's information systems, the majority of which have been subject to an independent audit. CEPSA has taken certain measures aimed at improving its systems for gathering and recording sustainability-related information in 2005. One of the aims of these measures is to offer accurate, consistent and fair information for development of the contents of this document.

This Sustainability Report is also available for download at www.cepasa.com / The company / Corporate information / Sustainability report. CEPSA welcomes any questions on the contents of the report, as well as any contributions, suggestions and comments, and invites you to submit them to the following addresses:

By post:
CEPSA
Dirección de Relaciones Institucionales
Avda. del Partenón, 12
28042 Madrid. SPAIN

By e-mail:
relaciones.institucionales@cepasa.com

Telephone:
(+34) 913 376 356

Fax:
(+34) 913 376 819



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana 38
28046 Madrid

Informe de Verificación

A los lectores de este Informe

I. Introducción

Hechos este reportado por Compañía Española de Petróleos, S.A. (CEPSA) para revisar la información relativa a las prácticas ambientales y sociales correspondientes al ejercicio 2005 contenida en su Memoria de Sostenibilidad 2005 (en adelante la Memoria), cuya elaboración es responsabilidad de la Dirección de CEPSA.

II. Alcance

En la Memoria se describen los esfuerzos y avances llevados a cabo por CEPSA en la consecución de un desarrollo más sostenible. En el capítulo denominado "Alcance" se describe el contenido de la información ambiental y social contenida en la misma. Nuestra responsabilidad ha sido la de revisar la información contenida en la mencionada Memoria y ofrecer a los lectores del mismo un aseguramiento limitado sobre que:

- Las datos ambientales y sociales que nosotras se han agrupado de manera fiable.
- Las informaciones que figuran en la misma se encuentran adecuadamente respaldadas por documentos internos o de terceros.

III. Criterios para realizar la revisión

Hechos realizado nuestro trabajo de acuerdo con la norma International Standard for Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information, desarrollada por International Auditing and Assurance Standards Board (IAASB). Entre otros, esta norma requiere que:

- El equipo que realiza el trabajo posea conocimientos específicos, habilidades y competencias profesionales necesarias para comprender y revisar la información contenida en el Informe, y que sus componentes cumplan los requerimientos del Código de Ética Profesional de IFAC que asegura su independencia.
- Cuando se provea de un aseguramiento limitado de la información, que se de un nivel de profundidad menor que el aseguramiento razonable, se disponga de evidencias suficientes en la documentación y sistemas de la compañía que respalden los datos presentados en el Informe.

En el momento actual no existen principios generalmente aceptados para realizar informes que reflejen el comportamiento sostenible de una empresa. CEPSA aplica sus propios criterios a la hora de establecer los indicadores y su medida, principalmente derivados de un estudio de materialidad y de la aplicación de la Guía de Global Reporting Initiative (GRI), organismo que ha declarado el Informe como "en concordancia" con dicha Guía. Los criterios aplicados por CEPSA se detallan en el capítulo de la Memoria denominado "Alcance", donde se indican los instrumentos en relación a la información ambiental y social incluidos a su naturaleza y a los métodos utilizados para medir, calcular y estimar cada uno de los indicadores utilizados.

KPMG Asesores S.L. es una entidad miembro de

Red de Auditoría Independiente



KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana 38
28046 Madrid

Verification Report

(Translation from the original in Spanish)

To the readers of this Report:

I. Introduction

We have been engaged by Compañía Española de Petróleos, S.A. (CEPSA) to review the information on their environmental and social practices during 2005 included in the 2005 Sustainability Report (hereinafter the Report), the preparation of which is the responsibility of CEPSA Management.

II. Scope

The Report details CEPSA's efforts and progress toward achieving a more sustainable development. The section entitled "Scope" describes the scope of the environmental and social information contained in the Report. Our responsibility is to review the information contained in the Report and provide readers with limited assurance that:

- The environmental and social data were consolidated in a reliable manner.
- The information contained in the Report is adequately supported by internal or external documents.

III. Review criteria

Our work has been carried out in accordance with the International Standard for Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Among other requirements, this standard establishes the following:

- The engagement team should possess specific knowledge, skills and professional competencies needed to understand and review the information contained in the Report, and they should comply with the IFAC Code of Ethics for Professional Accountants to ensure their independence.
- Where providing limited assurance on the information, which is a lower level than reasonable assurance, sufficient evidence should be gathered from the company's documentation and systems to support the information contained in the Report.

At present, there are no generally accepted principles for preparing reports on a company's sustainable development performance. CEPSA applies its own criteria when establishing indicators and measurement methods, mainly based on a materiality study and on the Guidelines issued by the organisation Global Reporting Initiative (2002), which has declared the Report to be "in accordance" with those guidelines. CEPSA's criteria are described in the chapter entitled "Scope", which explains the limitations affecting the environmental and social information due to its nature and the methods used for measuring, calculating and estimating each indicator.

KPMG Asesores S.L. is a member entity of the

Independent Auditor Network

IV. Work performed and conclusions

Environmental and social information

We have reviewed the information contained in the Report regarding these areas in accordance with the AA1000 standard. This information has been analysed considering the materiality study carried out by CEPSA. This study takes into account information of interest to the most influential socially-responsible investors in the sector, similar reports issued in CEPSA's industry sector, written press regarding the ethical, environmental and social performance of sector companies, and similar issues of interest to business associations and the public at large within CEPSA's industry sector.

We have confirmed that this Report has been declared to be "in accordance" by the Global Reporting Initiative.

We have reviewed the reliability of the environmental and social information contained in the Report by carrying out the following:

- Interviews with managers of the data-gathering systems used in preparing the Report
- Review of the systems used to consolidate and review this information at a corporate level
- Analysis of the scope of the information contained in the Report
- Review of calculations and consolidation made at a corporate level through sampling

Economic information

We have verified that economic data included in the Report match those included in the 2005 Annual Report, which is audited by an independent third party.

V. Conclusions

On the basis of the work described above, we have not detected any significant deviations or omissions in the information reviewed.

KPMG ASESORES, S.L.

Julán Martín Blasco

5 June 2006

IV. Trabajo realizado y conclusiones

Información ambiental y social

Hemos revisado los contenidos de la Memoria en estas áreas siguiendo los principios de la Norma AA1000. Esta información ha sido analizada considerando el estudio de materialidad llevado a cabo por CEPSA. Este estudio se basó en considerar los intereses de información de los inversores socialmente responsables de mayor influencia en el sector, los informes de empresas concurrenciales emitidos en el ámbito de mercado de CEPSA, los compromisos de carácter ético, ambiental y social de las empresas del sector que tienen reflejo en la prensa escrita y los asuntos del mismo carácter por los que muestran interés asociaciones empresariales y de la sociedad civil dentro del ámbito de mercado de CEPSA.

Hemos confirmado que esta Memoria ha sido declarada "in accordance" por parte de Global Reporting Initiative.

Hemos revisado la fiabilidad de la información ambiental y social contenida en la Memoria basándonos en la realización de las siguientes actividades:

- Entrevistas con los responsables de los sistemas que proveen la información incluida en el Informe
- Revisión de los sistemas utilizados en el nivel corporativo para agrupar y revisar esta información
- Análisis del alcance de la información contenida en la Memoria
- Revisión por muestra de los cálculos e integraciones realizados a nivel corporativo

Información económica

Hemos comprobado que los datos económicos incluidos en la Memoria coinciden con los del Informe Anual 2005, que es auditado por terceros independientes.

V. Conclusiones

Basados en lo mencionado anteriormente, no hemos encontrado desviaciones ni omisiones significativas en la información revisada.

KPMG ASESORES, S.L.


Julán Martín Blasco

5 de junio de 2006



Letter from the Chairman

I am pleased to introduce CEPSA's third Sustainability Report. If there is one thing of which this Company is proud, it is that throughout our history we have combined the essential quest for profitability with respectful and considerate conduct towards the environment. We have strived for CEPSA to be recognised as a responsible neighbour by the communities in which we operate, making an ongoing effort to ensure transparent, open and honest communications which express our social commitment.

The energy sector is increasingly under scrutiny in society. Factors such as climate change, the protection of biodiversity and contribution to development have become fresh challenges for companies in the sector. We are being asked to be more transparent, more aware of our impact, and to consider society's long-term needs in our strategy as well as our conduct. This, whilst offering attractive returns for our shareholders and constantly supplying the market with better products. At CEPSA these challenges have been embraced and incorporated in our daily management.

This Sustainability Report offers a fair, balanced and reasonable presentation of our financial, environmental and social performance in 2005, and has been prepared on the basis of the 2002 Global Reporting Initiative Guidelines. It should be noted that this report has been declared as in accordance for the second consecutive year, thereby recognising the rigour and clarity of the information.

The following pages report on CEPSA's progress in such areas as minimising environmental impacts, product and process safety, and our Company's contribution to ensuring constant energy supply.

We set out a long time ago on this path toward strengthening our commitment to corporate responsibility, and we hope that this report demonstrates our firm will to continue pursuing sustainable development.

A handwritten signature in black ink, appearing to read 'C. Pérez de Bricio', with a stylized, flowing script.

Carlos Pérez de Bricio
Chairman of CEPSA

The background of the entire page is a light gray image of several interlocking gears of different sizes. The gears are arranged in a way that they appear to be part of a larger mechanical system. The largest gear is in the upper left, and several smaller ones are scattered throughout the lower half of the page. The overall effect is one of industrial precision and interconnectedness.

CEPSA



Construction of the "Tenerife" refinery, 1930

History

The CEPSA story began in 1929 and its origins were linked to the monopoly regime in Spain established by Royal Decree of 28 June 1927. On that date, a group of Spanish investors acquired the assets of the company Falcon Oil Corporation, which owned the rights to 5% of the oil production of Lago Oil Corporation in Venezuela. The operation was completed in August 1929 and, one month later, these same investors set up the Compañía Española de Petróleos, S.A. (CEPSA), with share capital of 75 million pesetas, distributed through one and a half million shares of 50 pesetas each. These shares were popularly known as "petrolitos" (little oil shares).

CEPSA's acquisitions in Venezuela formed the first part of a plan to secure sufficient quantities of crude oil for Spain. Development was impeded for various reasons and the need arose for CEPESA to expand its field of activity for the company to survive.

In 1930 the "Tenerife" refinery was built to supply crude oil from CEPESA's operations in Venezuela. The Canary Islands and Tenerife were selected essentially due to the above-mentioned monopoly situation and also because of their geographical location and that of the ports of Santa Cruz and Las Palmas, on which numerous international sailing routes converge.

The first operations carried out by CEPESA, now a refining company, involved supplying the Monopoly Lessee Company, the Canaries market and foreign tankers. Agreements were also reached with distributors in Africa and Portugal in 1930.

Freights were increased by 500% when the Second World War broke out in 1939, and difficulties in supplying oil to the "Tenerife" refinery prompted CEPESA to create its own fleet, acquiring the tanker "Girona" in 1941. The "Zaragoza", "Bailén" and "Arapiles" were soon added.



"Gibraltar-San Roque" refining laboratory

The "Tenerife" refinery was extended to include a lubricants plant in 1950 and its capacity was increased once again in 1955, with installation of the first aromatic units in Europe.

Authorisation for the construction of a manufacturing plant for bitumen products in Tarragona, with the distillation of heavy crude oils, was sought from the government in 1962. ASES, owned equally by CAMPSA and CEPSA, was set up to operate this plant.

Also in 1962, official authorisation was requested for construction of a second refinery in the Biscay area. The initially chosen location would be changed to redress a regional imbalance, specifically, that of Campo de Gibraltar. The refinery was finally built beside Algeciras Bay, in the municipal district of San Roque (Cadiz). Permission for the project was obtained in 1964 and construction began in 1965, with the first units entering service in 1967.

CEPSA Companhia Portuguesa de Petróleos Ltda., was founded in 1964 and construction of a bitumen plant commenced the same year.

For CEPSA, the seventies were a period of diversification, in which it moved toward another of the large oil-related areas: petrochemicals. Thus PETRESA, a subsidiary of CEPSA, was created to cover an important gap in Spain at that time: the production of biodegradable detergents. This new company launched the first, high technology linear alkyl benzene (LAB) plant. INTERQUISA, another subsidiary of CEPSA, engaged in the manufacture and marketing of raw materials for the polyester sector; was constructed at the same complex as the "Gibraltar-San Roque" refinery.

In 1964 CEPSA founded the Companhia Portuguesa de Petróleos Ltda., constructing a bitumen plant which was its first installation outside Spain



Service station in Arganda del Rey (Madrid)

For CEPSA the seventies were a period of diversification, moving towards petrochemicals

In the following decade, Spain's oil sector was reorganised following the country's entry into the European Economic Community. The so-called "de-monopolisation" process was undertaken in the period from 1985 to 1997 to create a new outlook for the sector:

During this era, CEPSA adapted its organisation to the new scenario, with the creation of a network of sales branches and marketing subsidiaries. Companies set up included CEPSA Aviación, CEPSA United Kingdom, Petróleos de Canarias, CEPSA Lubricantes, CEPSA Estaciones de Servicio and CEPSA Gas Licuado.

In 1988 CEPSA agreed that 10% of its share capital be taken up by IPIC (International Petroleum Investment Company), a company originating from Abu Dhabi. The agreement was aimed at securing oil supplies and opening up markets and possible collaborations in the Persian Gulf.

In 1990, the French company Elf purchased 20.5% of CEPSA. A year later, on 25 April 1991, CEPSA's board of directors ratified an agreement for the acquisition of 100% of ERTOil, thereby incorporating investments in other companies and assets which included the "La Rábida" refinery in Palos de la Frontera, Huelva, with an annual distillation capacity of 4 million tons of oil.

Aware of society's demand for responsible conduct in terms of protection of the environment, safety in processes and installations and quality in its products and services, CEPSA created P.A.S.C.A.L. management in 1989. Its initial responsibility was to produce basic procedures and standards related with the environment, safety and quality which would be compulsory in all of CEPSA's centres and companies.

The nineties also marked an important milestone for CEPSA, following the discovery of crude oil in Algeria. This was the Company's first important find, even though it had been engaged in activity in this area since 1940.

In 1994 CEPSA acquired the petrochemical company ERTISA, engaged in the manufacture and marketing of cumene, phenol and acetone.

A process for the internationalisation of CEPSA's petrochemical activities was initiated with construction of its first industrial plant in North America, PETRESA Canada, which began in 1995.

CEPSA increased its presence outside Spain in 2000-2005. A second petrochemical plant was built in Canada, INTERQUISA Canada Inc., and 72% of DETEN Química, in Salvador de Bahía (Brazil) was acquired. In association with Sonatrach, CEPSA created a company, MEDGAZ, for the study and promotion of a pipeline connecting Algeria with Europe, via Spain.

CEPSA remains committed to exploration and the production of hydrocarbons. Its second oil field in Algeria, OURHOUD, has started production and CEPSA Colombia has been incorporated. Authorisation has also been obtained for natural gas exploration in Algeria, taking further steps in the strategy of strengthening this business area.

Today, CEPSA is a group with extensive activities in Spain. Through a gradual internationalisation of its activities, CEPSA is also present in numerous European countries, especially Portugal, as well as in Algeria, Brazil, Canada, Colombia, Egypt, Morocco and Panama.

Our organisation has continued to grow in anticipation of our customers' needs, making use of advanced technology and implementing a wide commercial network. The Company has over 10,700 qualified professionals committed to its objectives.

One of CEPSA's strategic goals is integration of the different activities. The Company seeks to improve its financial profitability by forming synergies and offsetting risks.

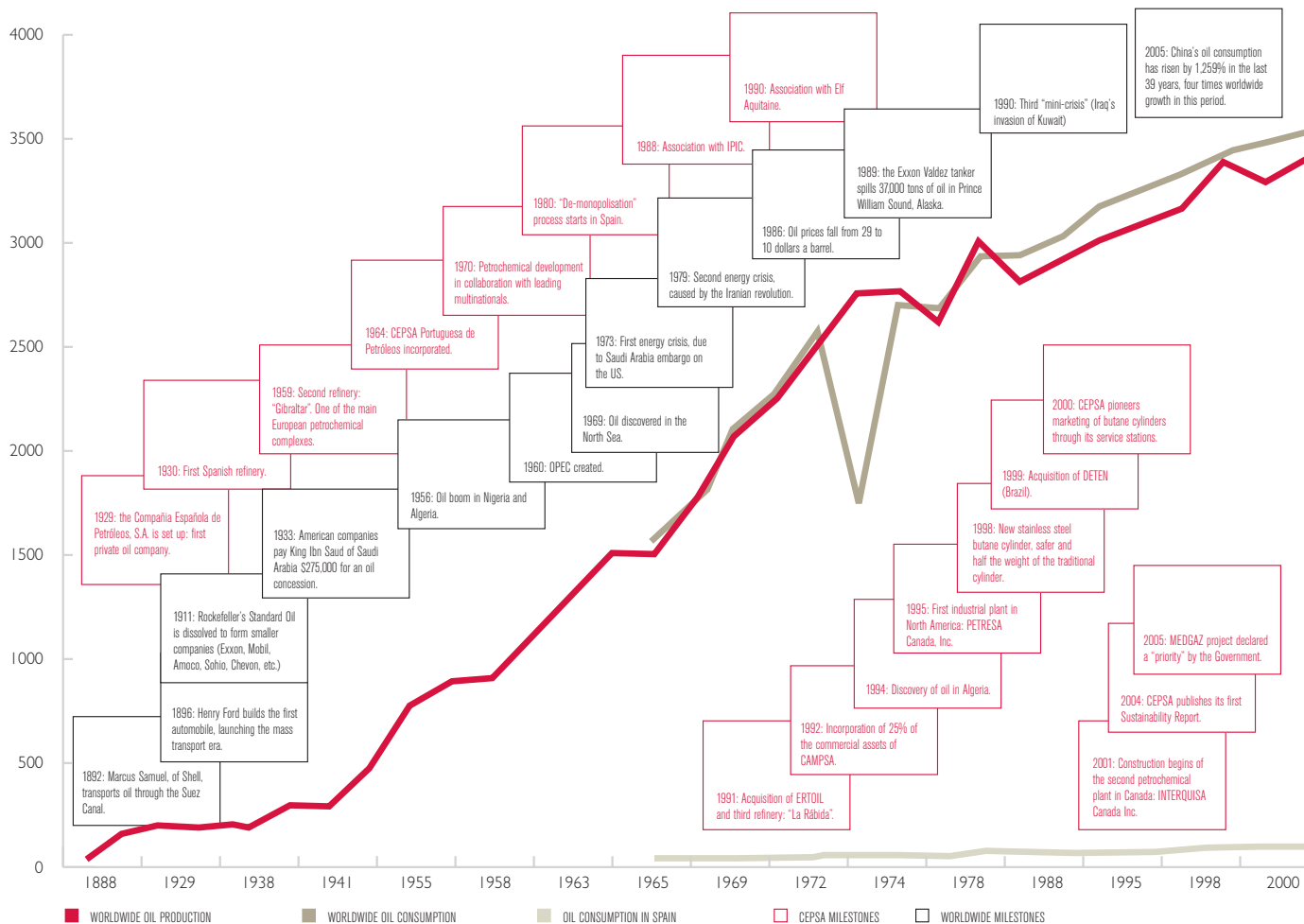


Aerial view INTERQUISA Canada

Today, CEPSA is a group with extensive activities in Spain. Through a gradual internationalisation of its activities, CEPSA is also present in numerous European countries, especially Portugal, as well as in Algeria, Brazil, Canada, Colombia, Egypt, Morocco and Panama

Milestones

Equivalent millions of tons of oil



Profile

Activities

CEPSA's activities cover the entire oil value chain, from exploration and production to the distribution of derivatives to end consumers.

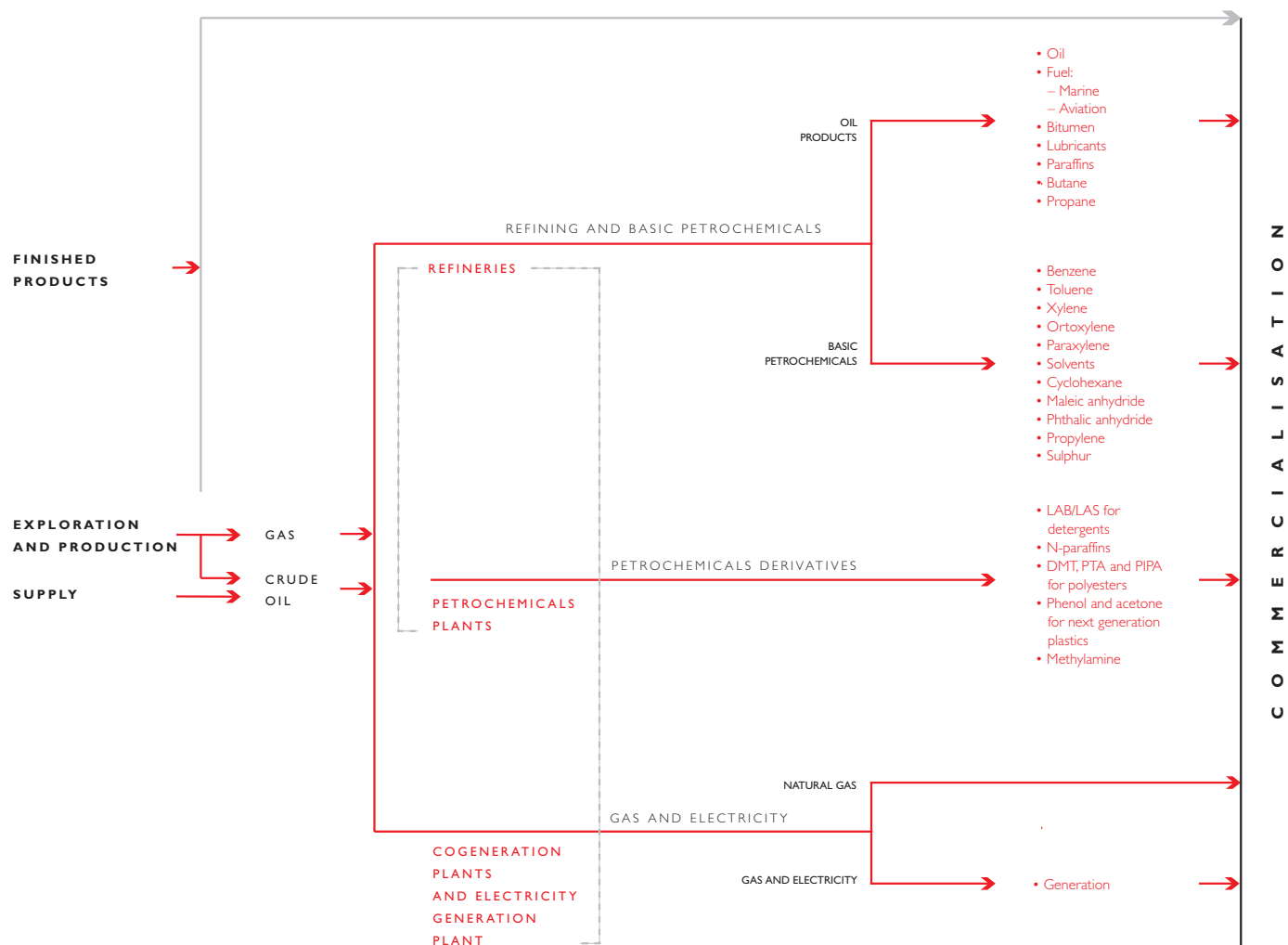
The Company's petrochemicals area produces and commercialises raw materials for the manufacture of added-value products used, inter alia, in the food, pharmaceutical, chemical and textile industries.

CEPSA firmly believes that it is possible to combine efficient industry with close attention to the impact of its activity on the environment and maximum safety in processes.



Technician at the Ourhoud oil field in Algeria

CEPSA has long operated in the energy sector; mainly in oil, although it is present in natural gas and electricity markets too. CEPSA is close to its customers and committed to its environment



(1) More information on the activities of CEPSA and its main subsidiaries can be found at www.cepsa.com

Oil and gas exploration and production

CEPSA carries out exploration and production activities in Spain, Algeria, Colombia and Egypt.

CEPSA applies the same principles and standards to its international Exploration and Production activities as used in its facilities in Spain, incorporating the best technology available.

Supply and refining

Every year CEPSA processes over 20 million tons of crude oil, from various sources, as well as finished products, to meet demand from its customers.

CEPSA obtains its oil derivatives from the refineries² which have a total distillation capacity of 22.2 million tons of crude oil, approximately 34% of the total capacity in Spain.

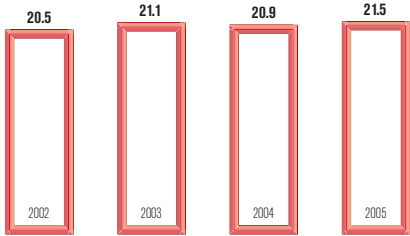
(2) CEPSA also owns 50% of the ASESA bitumen refinery in Tarragona, with a nominal production capacity of 1.4 million metric tons per year.

Distillation capacity of the refineries

Refining	Millions tons/year	Location
"Gibraltar-San Roque"	12.0	San Roque (Cádiz)
"La Rábida"	5.0	Palos de la Frontera (Huelva)
"Tenerife"	4.5	Santa Cruz de Tenerife (Tenerife)

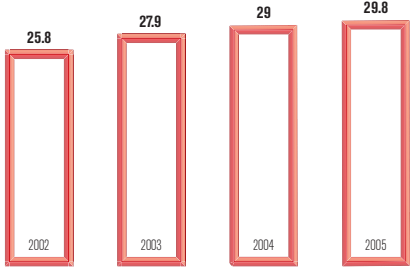
Distilled Crude Oil

Millions of tons



Products Sold*

Millions of tons



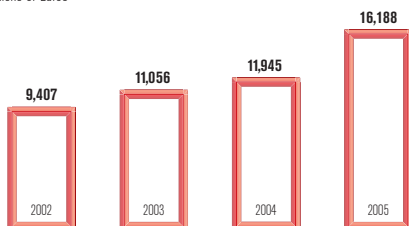
* Excluding crude oil sales



Delivery to a service station

Net sales*

Millions of Euros



(*) Excluding special oil tax

Marketing

CEPSA's commercial activities are carried out through own sales channels as well as an extensive network of subsidiaries in Spain and abroad. The Company plans to incorporate new sales outlets and refit existing premises to strengthen relations with its customers.

Petrochemicals

In this intensive activity, which is closely integrated with the refining area, CEPSA produces raw materials for added-value products such as plastics, synthetic fibres and biodegradable detergents, with ongoing technological advancement and strict quality controls.

CEPSA has plants manufacturing petrochemical products in Spain, Brazil and Canada and markets their derivatives in countries across five continents.

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 Spain.

CEPSA is promoting the development of natural gas supply networks by means of a pipeline linking Algeria with Europe, via Spain, which will be built and operated by MEDGAZ, the company headed by CEPSA and Sonatrach and with various energy companies as shareholders.

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. The steam generated is used in the production processes of various CEPSA companies, thereby optimising the energy output from these cogeneration plants.

CEPSA also owns 50% of a gas-fired combined cycle power generation plant, with a capacity of 800 MW, at the same location as the "Gibraltar-San Roque" refinery.

THE CEPSA BRAND

At CEPSA, management of the Brand is tuned to the organisation's strategy. CEPSA aims to generate added value, strengthening the Brand with a profile which is at once outstanding and coherent, consistent and relevant to its customers.

The CEPSA brand has a number of unique characteristics. CEPSA is a strong energy company with a long history in Spain. It is also a Company which emits a sense of closeness. CEPSA's years of serving consumers have brought it knowledge of their needs, enabling it to respond to these immediately and efficiently.

These attributes are complemented by others acquired by the Company over time: proximity, innovation and dynamism, a regard for customers' everyday concerns, modernity and reliability.

Unifying Position

CEPSA has selected a single Brand name, which brings coherence to communications from all of its business units, generating consequent synergies and making investments profitable. Its position as a close, customer-orientated company, committed to developing products and services to make people's lives easier, is the basis of one of its most recent advertising campaigns, portraying everyday stories at CEPSA service stations.

The original logo represents the arrival of the Compañía Española de Petróleos, S.A. (CEPSA) in the oil world, the first Spanish entity with international exposure. Its origins in oil prospecting and drilling (in Venezuela, at the ocean area of lake Maracaibo) represent its vocation.



1929

The first Spanish refinery opened in Tenerife in 1930. This, the second logo, symbolises the Teide volcano peak and the island's strategic position between Europe, Africa and America.



1951

CEPSA restyled the logo at a time when its profile in the market had been raised and extended to all oil and petrochemical activities.



1972

Faithful to its origins, CEPSA revised the original star design, symbolising the move towards progress and integration of its activities. The red colours represent strength and vitality, linked with its roots.



1977

The logo's evolution reflects the attributes of CEPSA, with a balanced, harmonised design. The CEPSA group of domestic and international companies are brought together, backed by strong red colours.



1991

The logo is stylised through simplification of the versions and colours. The CEPSA Super Brand system helps to impart the Company's values and reinforces and integrates the graphic identity of the CEPSA Group, projecting the quality and service for which it stands apart.

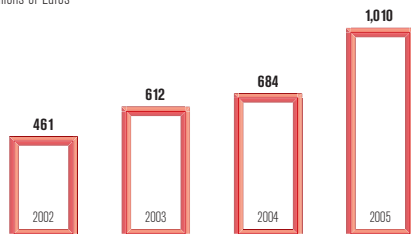


1994

Key indicators

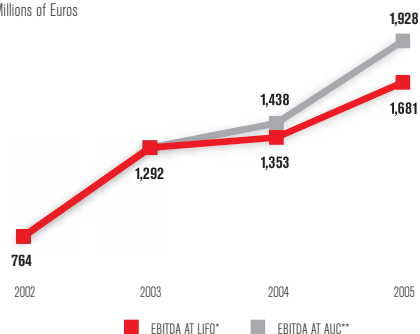
Profit after taxes

Millions of Euros



Gross operating profit (EBITDA)

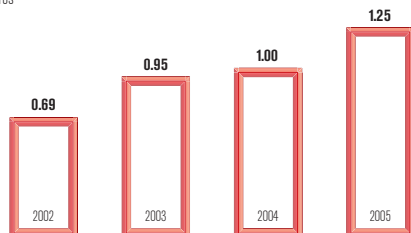
Millions of Euros



(*) Consolidated data based on "Last in - First out" (LIFO) method of measuring stocks and cost of sales
 (**) Consolidated data based on Average Unit Cost (AUC) valuation method.

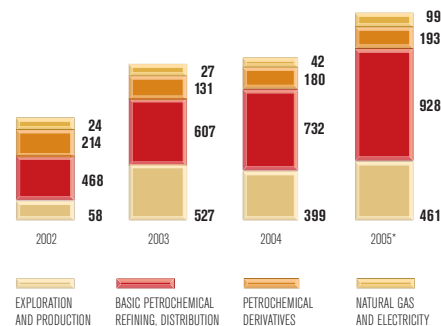
Dividend per share

Euros



Gross operating profit by areas

Millions of Euros



(*) Consolidated data based on "Last in - First out" (LIFO) method of measuring stocks and cost of sales

Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance

CEPSA is aware of the need to combine efficient industrial management with close attention to the impact on the environment, and to operate with a high level of safety in processes at production plants. The Company understands that its capacity to generate wealth is inextricably bound to conduct in line with society's expectations. This is reflected in the Mission Statement, a broad definition of CEPSA's essential purpose as:

“a competitive energy and petrochemicals Company committed to society, the environment and customer satisfaction.”

The Corporate Outlook graphically defines expectations for the future of the Company as:

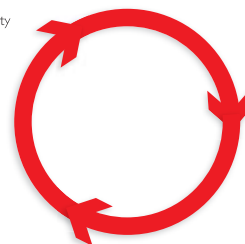
“responsible in managing resources and in all initiatives geared towards shareholders, customers and society overall.”

Since its foundation, CEPSA has based its conduct on performance guidelines acquired over time. In 2005, the Company's Founding Principles were developed for publication for the first time in the Sustainability Report and to establish lines of action which help it comply with its Mission Statement and fulfil its Corporate Outlook.

CEPSA founding principles

RESPECT:
For people
For their rights
For their diversity

COMMITMENT:
To the Mission Statement and Corporate Outlook
To the Founding Principles



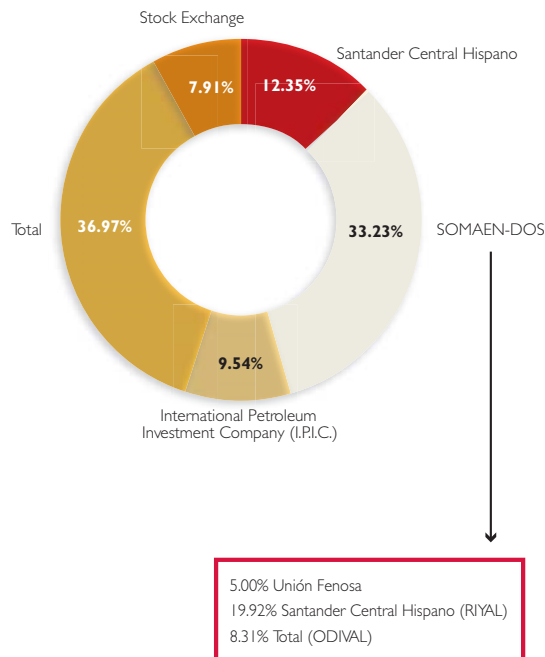
SAFETY:
In processes
At installations
In services
In products

TRANSPARENCY:
In management
In information
to the outside world

QUALITY:
In products
In services
In activities

CEPSA shareholders

31 December 2005*



(*) Pending application of the partial award by the Arbitration Court of The Hague** on 24 March 2006

(**) More information is available at www.cepsa.com / The company / Investors' information or at www.cnmv.es

Structure

The share capital of CEPSA, subscribed and fully paid, amounts to Euros 267,574,941, distributed in 267,574,941 shares. All the shares have the same voting and profit-sharing rights and are listed on the stock exchange.

Corporate Governance

Corporate governance policies and procedures have a very important function in modern companies, ensuring that the organisation as a whole pursues the company's general objectives and that shareholders' interests are safeguarded.

CEPSA's Board of Directors needs to ensure that the Company is sensitive to the needs and concerns of the society in which it carries out its activities.

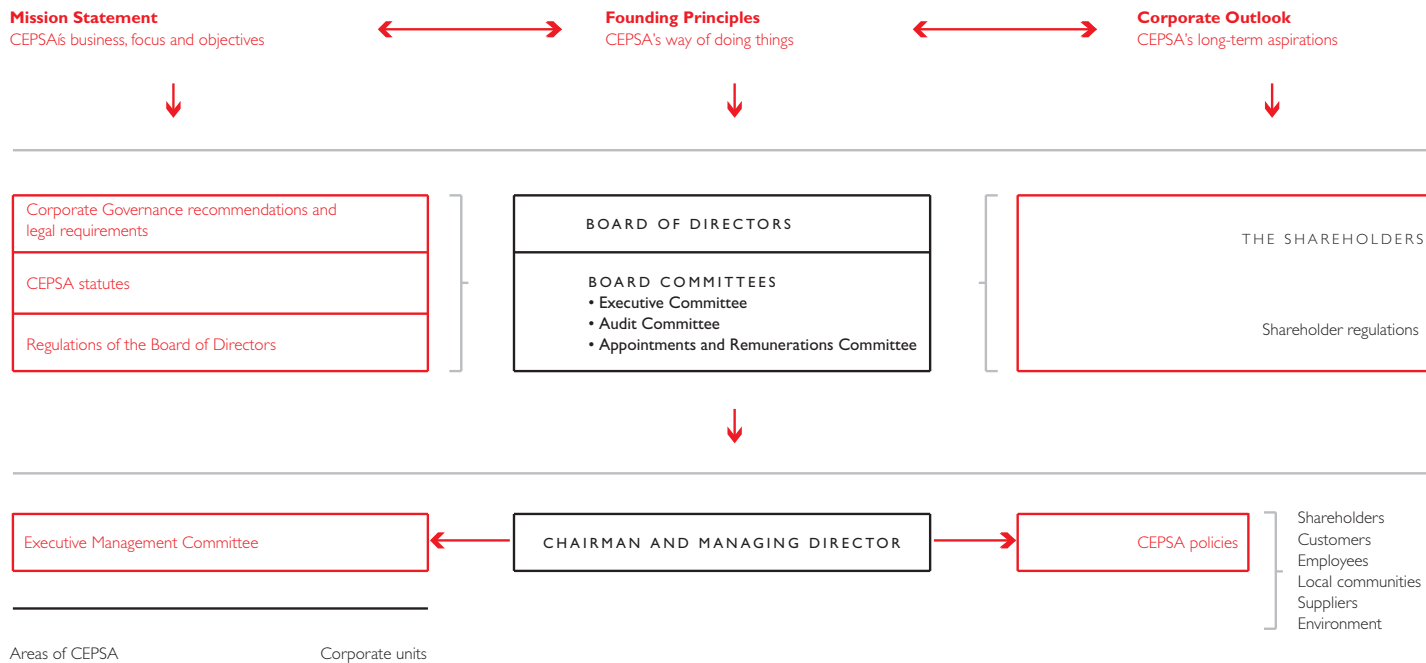
CEPSA's organisational structure is centred on achieving its business objectives, which focus on the generation of value, customer satisfaction, and the commitment to sustainability.

The Company³ is governed and administered by:

- The Shareholders
- Board of Directors
- Executive Committee
- Managing Director

(3) For more information on the legal and statutory attributes of the operating structure of CEPSA, the Company has made available different documents relating to corporate structure and practices at www.cepsa.com / The company / Investors' information. This information is also available through the Office of Shareholder Services.

CEPSA's corporate governance model



INVOLVEMENT IN DECISION MAKING

The General Meeting of Shareholders is the ultimate representation of CEPSA's ownership. Agreements at the meeting come into force from approval and are compulsory for all.

The Ordinary General Meeting of Shareholders is held once a year, in the first half of the year, to discuss and adopt agreements on matters such as company management, the distribution or application of the results obtained in the immediately preceding year; the appointment and dismissal of independent auditors, examination and verification of the Company's annual accounts and finally, renewal, where necessary, of the Board of Directors.

Owners of a minimum of sixty shares have the right to attend General Meetings of Shareholders.

CEPSA makes available to shareholders the necessary legal documentation and a telephone helpline to resolve any queries concerning the meetings. It also carries out a survey to assess shareholders' satisfaction regarding different issues surrounding the General Meeting, inviting them to make suggestions.

The Board of Directors⁴

The board of directors ensures that the Company's strategy, policies and programmes are in line with its mission statement.

CEPSA's Board of Directors represents the interests of the owners in continuing the business, checking that business objectives are obtained and optimising financial results. The board also ensures that policies are effective, that decisions taken are complied with and that strategies are executed by the Company's management.

The Board of Directors is able to designate commissions to delegate certain of its functions for reporting or executive purposes.

At present CEPSA's Board of Directors has the following committees:

- Executive Committee
- Audit Committee
- Appointments and Remunerations Committee

The Board of Directors is aware that the Company's success largely depends on its capacity to maintain the confidence of its stakeholders and to manage and control the risks to which it is exposed appropriately.

Risk management

CEPSA has established systems for controlling the risks which could affect its investments and activities.

The supervision and management of the Company's risks policy and control systems is a function of the Board of Directors. The Executive Committee, Chairman, Managing Director and General Managers regularly oversee and control risks, adapting, where appropriate, the profile of these risks according to circumstances.

CEPSA's Board of Directors pays attention, inter alia, to environmental risks, risks prevention and safety in the workplace. CEPSE has identified and established systems to control such risks as those related with atmospheric emissions, spillages in water, soils and underground waters, as well

(4) Details of the membership of CEPSE's board of directors and management committee can be found at www.cepsa.com / The company / Corporate information / Board of directors.

as risks resulting from oil exploration and production. Risk management and control systems are supported by different activities, including work planning, analysis and monitoring of corrective actions following incidents and accidents, and internal audit.

Audit fees (Euros)		
	2005	2004
Audit fees paid to the audit firm	1,041,598	927,000
Fees for services unrelated to audit paid to the audit firm	402,000	163,084
% Non-audit / audit fees	35.10%*	17.59%

(*) The increase in services unrelated to the audit of the annual accounts compared to audit services is basically due to services related with the first application of International Financial Reporting Standards, work related with application of internal control recommendations and other services which are, mainly, non-recurring.

Sustainable development, part of the business strategy

The commitment to sustainable development, understood as the Company's formal aspiration of achieving long-term, mutually beneficial and trusting relations with its stakeholders, forms part of the Mission Statement, Corporate Outlook and Founding Principles of CEPSA and, therefore, the Company's long-term strategic planning.

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. CEPSE is also an adherent to the Worldwide Agreement of the United Nations, thereby undertaking to apply, in its strategy, operations and field of influence, ten principles of conduct regarding issues of human and labour rights, the environment and fight against corruption.

Nevertheless, CEPSE's commitment to sustainable development is not limited to drawing up policies in line with reference international initiatives. It forms part of the company's business strategy and management of its activities.

SAFEGUARDING SHAREHOLDERS' INTERESTS AND RIGOROUS INFORMATION: AUDIT COMMITTEE

CEPSA takes great care to ensure that the market is provided with accurate information. Internal audits in the Company are supervised by the Audit Committee, which is responsible for verifying that the information received by shareholders and financial markets truly reflects the Company's image and actual situation.

Other functions of this Committee include the submission of proposals to the Board of Directors regarding such matters as appointments, contractual conditions and relations with independent auditors of accounts. The Committee also resolves any other issues related with the audit process.

At the beginning of the current decade CEPSA carried out two projects with the consultants Linnhoff-March-KBC aimed at improving the financial results of its three refineries (Profit Improvement Program) and global maintenance management (Maintenance Improvement Program). The first study focused on streamlining processes and identifying short and medium term opportunities for improvement. In the second, work centred on the extension and standardization of risk-based management practices to increase installations' availability and reliability. The satisfactory results of these projects are now becoming evident.

The Company's strategy is fundamentally based on:

- Promotion of synergies between businesses.
- Offset of risks through vertical integration of areas of activity.
- Ongoing improvement of efficiency, especially energy, and cost control.

The strategic lines of action take into special consideration issues related to sustainable development and the challenges this represents for CEPSA:

1. Concern over Greenhouse Gases and their implications for society and for CEPSA and its business outlook.

In recent times CEPSA has adopted a number of measures to improve its stance and expectations with regard to Greenhouse Gases. In 2004 a CO₂ Committee was set up to plan, carry out and monitor the Company's strategy to promote savings, energy efficiency and cogeneration, the replacement of fuels by others with better carbon/hydrogen ratios, and the study of possible implementation of renewable energies and removal of Greenhouse Gases. CEPSA currently has a department directing activities aimed at reducing Greenhouse Gas emissions.

2. Energy efficiency, a pillar of CEPSA's strategy, has a double effect on the Company and the environment, by reducing costs, saving energy and as a result, limiting the impact on the environment while improving efficiency.

This commitment to efficient energy use is nothing new. The first systems for better heat recovery at the plants' different units were put into practice in 1973.

At present, and as part of the effort to improve its energy efficiency, CEPSA favours cogeneration and combined cycle production. Energy efficiency is therefore fundamental to obtaining synergies between the different businesses. The greatest attention is paid to strengthening synergies between the Company's different areas and achieving a high level of integration between Petrochemical and Refining. This permits structured growth, whereby the different areas make a balanced contribution to the result.

Following the Profit Improvement Program carried out in 2001-2002, CEPSA carried out a study, together with the consultants Linnhoff-March-KBC and throughout 2005, to reduce the energy consumption of the three refineries. Applied gradually in successive years, this would lead to an approximate 8% decrease in energy consumption and associated emissions.

Dialogue with stakeholders, CEP SA's commitment

Information transparency

Transparency in the information provided to the outside world is one of CEP SA's Founding Principles.

We understand that disclosure of information should be a comprehensive and balanced process with the ultimate objective of allowing stakeholders to gain an accurate idea of the Company's financial, social and environmental performance and outlook.

Analysis of materiality

In 2005 CEP SA carried out its first importance or materiality study, based on the criteria set out in the AA1000 Standard, to address the contents of this 2005 Sustainability Report to those stakeholders considered as a priority.

Identifying important or "material" issues in the field of corporate responsibility is a challenge which CEP SA considers essential to make progress in the dialogue with its stakeholders.

In the analysis, the importance or materiality of information is determined considering the organisation's priorities, the impact on the environment and stakeholders' expectations and concerns.

Internal factors of the Company such as its values, strategy, policies, management systems, objectives, goals and the risks to which it is exposed, are also considered.

The structure and final contents of this report have been designed on the basis of the analysis and its results are presented as challenges for CEP SA in this document.

Dialogue with stakeholders

Stakeholders include shareholders, customers, employees and neighbours of our installations and their confidence is vital to CEP SA's success.

CEP SA understands that the disclosure of information should be a comprehensive and balanced process

Identifying important or "material" issues in the field of corporate responsibility is one of CEP SA's challenges

Non-financial stakeholders

Dialogue strategy differs according, inter alia, to the stakeholder, activity, project or installation and respective duration and location. In each case CEPSA establishes the most appropriate communication channels for dialogue.

In Colombia where CEPSA acts either as operator or non-operating partner, the Company convenes informative meetings in communities before commencing operations to obtain their approval and collaboration.

Dialogue with shareholders

CEPSA makes various communication channels available to shareholders and investors, including the Office of Shareholder Services, the Investor Relations department and the “Investors’ information” section at www.cepsa.com.

INVESTOR RELATIONS

Avda. del Partenón, 12
28042 Madrid. SPAIN
T.: (+34) 913 376 766
F.: (+34) 913 376 819
relaciones.inversores@cepsa.com

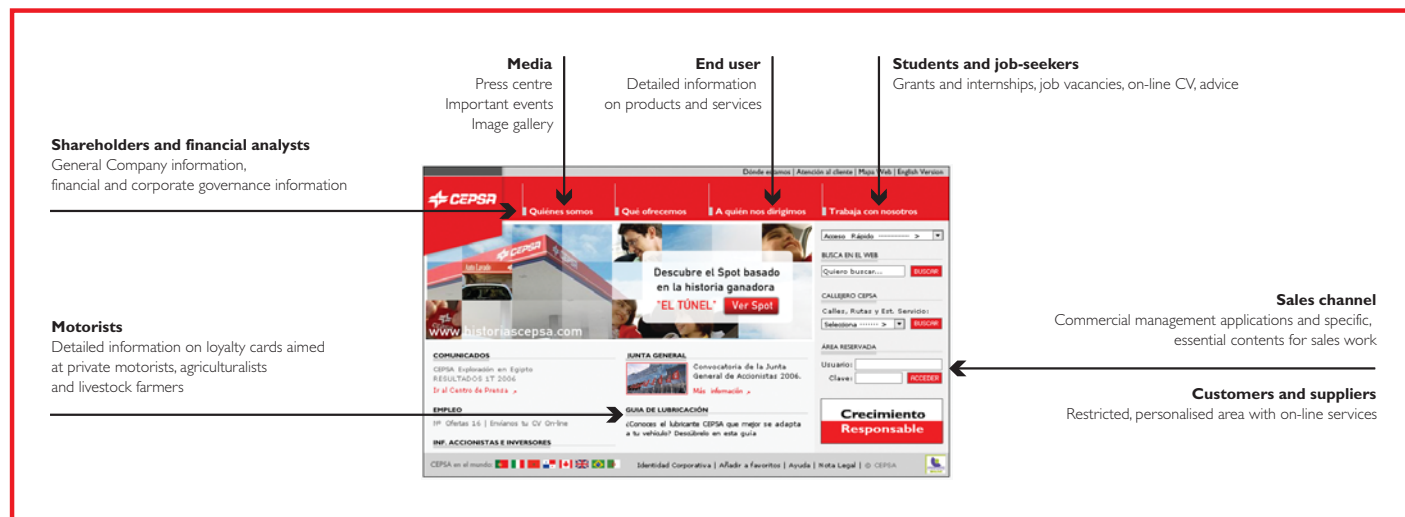
OFFICE OF SHAREHOLDER SERVICES

Avda. del Partenón, 12
28042 Madrid. SPAIN
T.: (+34) 900 101 282
F.: (+34) 913 377 591
oficina.accionista@cepsa.com

CEPSA's main communication platforms

CEPSA's stakeholders have various communication platforms at their disposal, notably the web, for the general public, and the intranet for employees.

CEPSA's web page (www.cepsa.com) offers up-to-date and diverse information on the Company. This tool is increasingly being used, as shown by the 4,500,000 hits in 2005, up 58% on the preceding year.



Intr@CEPSA, the Company's intranet, has become an important communication channel providing different services and applications to facilitate employees' work. This communication tool is an ongoing project which is adapted to the needs of each area, company or work centre.

The Company also has other channels through which it can reach its target audiences. Different areas of the Company publish magazines such as "Oleum", "Redacción", "Entrevecinos", "Octanoticias" and "Buenas Nuevas".

CEPSA, creating value for the environment

The Mission Statement, Vision and Institutional Principles encompass the practices observed by CEPSA

CEPSA contributes to the socio-economic growth of the areas in which it operates, creating employment and offering energy, heat and mobility products and services. CEPSA endeavours to achieve sustained profits in compliance with the ethical practices described in its Mission Statement, Corporate Outlook and Founding Principles.

The Company plays a key role in the economy and its activities contribute to the general economic welfare of society.

CEPSA uses its resources to investigate and develop new activities, thus creating employment, expanding the offer of products and services for its customers and increasing supply chain production activity. This leads to a greater contribution to the state, with a consequent improvement in public services.

CEPSA plays a key role in the economy and its activities contribute to the general economic welfare of society.

Exchange of values with interest groups

PUBLIC ENTITIES

CEPSA contributes to the development of public services through tax payments

SERVICES

TAXES

INVESTORS

CEPSA is a safe and growing investment security

RETURN ON INVESTMENT

CAPITAL AND FUNDS

EMPLOYEES

Much of the intangible value of the Company stems from the knowledge and experience of its employees

PRODUCTIVITY

SALARIES



WEALTH

OPERATIONS LICENCE

SOCIETY

CEPSA creates employment, knowledge and wealth and generates research and development

PRODUCTS AND SERVICES

PROFIT

CLIENTS

New products that offer wellbeing and quality of life

PROFIT

PRODUCTS AND SERVICES

SUPPLIERS

Opportunity to form part of the CEPSA value chain

On the basis of the methodology established by the British Department of Trade and Industry, CEPSA is one of the main Spanish companies in terms of creation of wealth

Measuring the added value created by CEPSA

The Company's global economic contribution can be measured through the added value generated, which is the value of sales less the goods, services and materials purchased by the Company from its suppliers.

To calculate this value the methodology established by the British Department of Trade and Industry, which prepares an annual ranking of companies, was used⁵.

On the basis of this methodology, CEPSA created value of Euros 2,375 million in 2005, representing added value per employee of Euros 220,000 and around 30% growth compared to 2004. These data position CEPSA amongst the main Spanish companies in terms of creation of wealth.

Added value for interest groups

An estimate of the added value generated by CEPSA for its interest groups may be calculated by examining the exchange of values between the parties.

Shareholders

The added value generated by CEPSA reaches shareholders by way of an increase in the Company's market value and in the form of dividends, which in CEPSA's case have been considerable.

Society

CEPSA contributes to the generation of value in the communities in which it carries out its activities through the creation of both direct and indirect employment, and through taxes paid to the tax authorities.

In terms of special taxes, CEPSA acts as a collector, recording these amounts as expense for the year and net sales income. In 2005, fuel taxes (Special Tax on Hydrocarbons, Tax on Retail Sales of Certain Hydrocarbons and VAT) accounted for 56% of the recommended retail price in the case of 95-octane unleaded petrol and 47% in the case of diesel.

(5) The methodology used to calculate the added value and the annual ranking of companies is available on the DTI (Department of Trade and Industry) website: 2005 Value Added Scoreboard: http://www.innovation.gov.uk/value_added

CEPSA in the securities market

Number of shares: 267,574,941	2005	2004	2003
Price (Euros per share)			
High	46.75	30.90	28.68
Low	29.31	25.50	17.10
Average	37.43	28.37	25.67
Closing	38.65	29.70	27.50
Trading (millions of Euros)			
Number of shares	19.20	8.80	91.30*
Effective value	718.80	249.40	2,349.50*
Stock market ratios			
Dividend/average price (%)	3.34	3.52	3.70
Average price/net profit per share (PER)	9.91	11.68	11.22
Shareholder dividends paid (millions of Euros)			
Parent Company shareholders	302.3	254.2	235.5
Minority shareholders of subsidiaries	6.5	5.7	7.9
Total dividends	308.8	259.9	243.4
Dividend per share (Euros)	1.25	1.00	0.95
Pay out (%) (**)	40	42	42

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

(**) Excluding the effect on profit and loss of the difference in valuation of stocks at average unit price compared to LIFO.

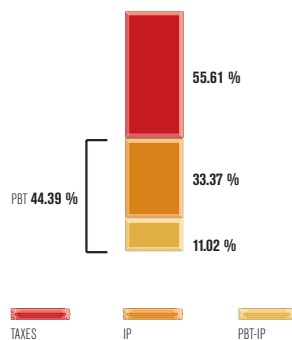
The Company also generates wealth through its investment capacity and its research and development activities.

The added value created by CEPSA's support of programmes that boost social and environmental progress is also noteworthy.

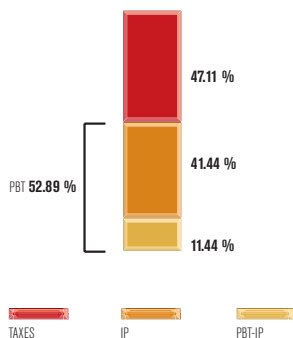
In recognition of its work, CEPSA also receives grants for certain projects of multinational interest.

Price composition in Spain 2005

95-octane unleaded petrol. RRP: 0.962 Euros/litre (average price)



Diesel A. RRP: 0.900 Euros/litre (average price)



Source: AOP
Pbt: Price before tax
IP: international price = product cost
Pbt-IP: fixed logistics and marketing costs + amortisation + wholesale and retail margins

Taxes paid (thousands of Euros)

	2005	2004	2003
Special tax on hydrocarbons	2,183,829	2,171,400	2,142,893
Local taxes	43,441	34,695	27,365
Income tax	496,192	364,176	325,710
Tax on retail sales of certain hydrocarbons	179,697	169,527	153,352

Investments (millions of Euros)

	2005	2004	2003
Exploration and Production	76	58	67
Refining, Distribution and Marketing	368	442	306
Petrochemicals	77	29	71
Gas and Electricity	24	40	33
Other	6	10	8
Total	551	579	485

CEPSA's employees

CEPSA employees are remunerated for their work in accordance with employment market conditions and their contribution to the achievement of the Company's objectives. Remuneration depends on the employment framework to which the economic activities carried out in the different CEPSA companies adhere, the added value that the employees' work contributes to the Company's activity, personal merit and the fulfilment of individual and group objectives. CEPSA contributes to the professional development of its employees through training.

In line with the collective labour agreement applicable to each of its companies, CEPSA extends certain social benefits to its employees, such as pension plans, life or accident insurance, benefits relating to the employees' family, economic or health situation, low interest rate loans, advances and guarantees and meal and parking allowances.

Personnel expenses (thousands of Euros)

	2005	2004	2003
Wages and salaries	336,187	317,547	297,805
Pension contributions and charges	14,029	11,355	2,275
Other social charges	91,203	84,188	101,759
Total	441,419	413,090	401,839

Suppliers

Suppliers and sub-contractors are an indispensable part of CEPSA's business, providing the necessary goods and services to enable the Company to perform its production activities.

CEPSA meets 100% of the deadlines and payment conditions agreed in supplier contracts.

The main suppliers provide crude oil and petroleum products. The most significant contract, with invoicing of approximately Euros 1,000 million, accounts for less than 10% of CEPSA's total consolidated purchases.

In contracts relating to the origin and use of purchased products, CEPSA always follows the stipulations and regulations issued by international organisations with regard to embargoes on certain countries.

CEPSA's raw material suppliers are endorsed based on the results obtained through application of the evaluation procedure, which appraises the quality control, environmental protection, health and safety (OSHAS 18000 standards) and risk prevention systems implemented by suppliers.

Certain of these purchase requirements guarantee that the selection and comparison process and the granting of offers is carried out according to principles of neutrality, equity and equal opportunities. Other requirements relate to environmental aspects, tax and labour issues, Social Security obligations and labour and industrial risks.

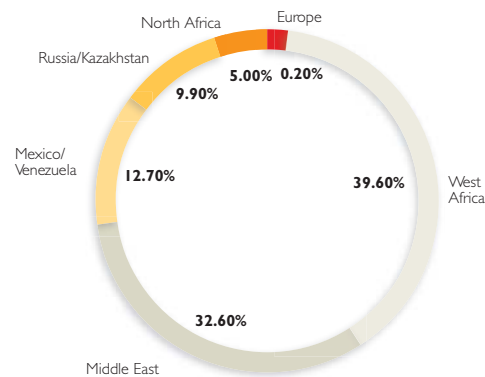


Technicians at the hydrodesulphuration plant in the "Gibraltar-San Roque" refinery

CEPSA has around 7,000 suppliers, 5,000 of which may be considered active. This number could decrease to between 3,000 and 4,000 following the endorsement process planned for 2006.

At present, around 3,500 of the 5,000 active suppliers are endorsed. In 2005, 927 of these demonstrated that they had management systems in place based on ISO 9001, ISO 14001 or OSHAS 18001.

Crude Sourcing



Economic relations with suppliers (millions of Euros)

	2005	2004	2003
Purchases	12,452	8,649	8,068
Transport and fleets	448	446	387
Projects, supplies and external services	1,131	1,042	977
Other administrative costs	16	31	8
Environmental costs	8	10	13
Financial costs of remunerated debt*	26.8	20.3	24
Total	14,081	10,198	9,477

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

Customers

The products and services marketed by CEPSA generate added value for customers by satisfying requirements and expectations in line with the evolution of external factors.

Sales by market* (thousands of Euros)

	2005		2004		2003	
	Products	Services rendered**	Products	Services rendered**	Products	Services rendered**
Domestic market	14,147,495	132,805	11,291,304	114,959	11,226,185	121,107
Rest of EU market	2,221,064	7,961	2,072,410	5,735	1,102,029	6,538
Rest of world market	1,711,750	148,733	1,051,844	151,301	574,875	168,551
Total	18,080,309	289,499	14,415,558	271,995	12,903,089	296,196

(*) Excluding sales of own crude oil.

(**) Rendering of warehousing and distribution services, service stations, creation and card operation.

CEPSA is fully committed to product quality and safety, the efficiency and environmental improvement of products and the quest for excellence in customer service, all of which generate part of the value provided to its customers.

Through its website, CEPSA offers customers information enabling feedback on each product. There are also several telephone lines available through which customers can obtain solutions to their requirements.



Aviation Supply

SUSTAINABLE DEVELOPMENT CHALLENGES FACING CEPSA



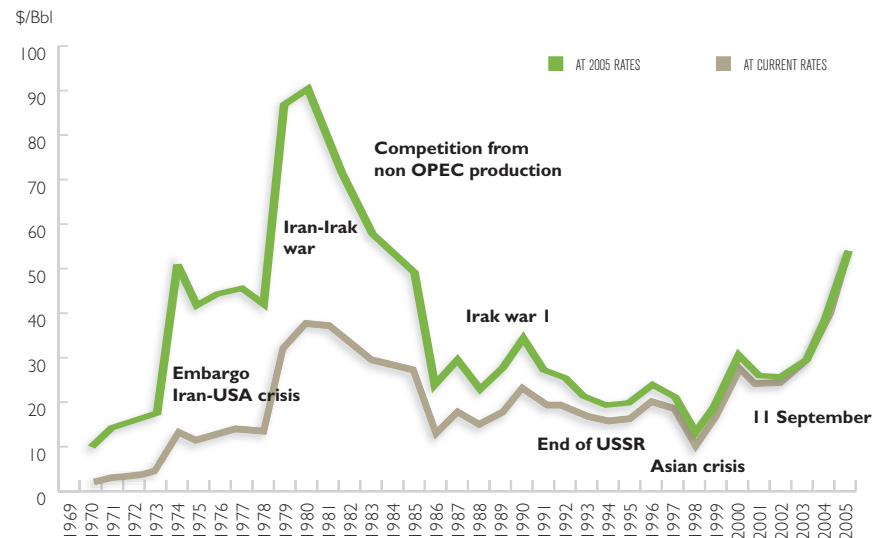
CEPSA and the continuous supply of energy

2005 was characterised by high energy prices and the associated public concern. The effects of hurricanes in the Gulf of Mexico, the high demand for energy from China and India and production problems in the Middle East caused petroleum prices to reach an all-time high and to remain at significant levels throughout the year:

The upward trend in the crude oil market also led to increases in the price of petroleum derivative products.

Current and constant Brent DTD prices

Source: AOP



Nonetheless, the impact of the high prices on the economy as a whole has been mitigated by the greater energy efficiency of current production systems and the increasing use of improved technologies. Consequently, the weight of energy in each production unit has decreased, as has the impact of energy prices on production levels.

The prices of petroleum products were also forced upwards by the rigid international refining capacity, occurring mainly as a result of the need to reduce the sulphur content of fuel, particularly diesel.

This trend, which aims to reduce atmospheric emissions resulting from the combustion of petroleum derivative products, may only be put into practice through the use of more modern refineries that have made the necessary investments. The number of refineries able to offer products that meet EU specifications has therefore decreased, and new factors that force up the price of petroleum derivative products have emerged.

The availability of abundant energy at a reasonable price is a fundamental premise affecting the functioning of modern economies, economic growth and the prosperity of society.

As an energy sector company, CEPSA performs a key social function providing energy to Spanish society.

CEPSA and safety in the supply of energy

Three conditions must prevail to enable CEPSA to provide society with derivative products and energy:

- Production of the crude oil necessary for the Company to carry out its activities.
- Availability of the necessary resources and capacity to undertake complex production processes required for the transformation of raw materials into useful products for consumers and, more specifically, for CEPSA customers.
- Existence of a distribution network enabling products to be conveyed to customers wherever and whenever they may be required.

The above conditions must be backed by solid research, development and innovation activities that support improvements in CEPSA processes and products.

As an energy sector company, CEPSA performs a key social function providing energy to Spanish society



Oil field installations at Ourhoud, Algeria

Investment in Exploration and Production and Refining

Activities to ensure energy supply

CEPSA aims to maintain and replace its reserves by discovering new oil fields through its Exploration and Production activities and/or the acquisition of reserves, in line with Company strategy.

CEPSA's estimated reserves, calculated on the basis of an average crude oil price of around USD 40 per barrel, currently amount to approximately 170 million barrels.

CEPSA's commitment to the production of hydrocarbons is part of the Company's strategy to balance the contribution of its different areas of activity with its global results in terms of both crude oil and gas. CEPSA participates in a strategically significant gas supply project in Spain. The aim of the MEDGAZ⁶ project, promoted by CEPSA and Sonatrach, is to study, develop, construct and operate a gasoduct linking Algeria with Europe via Spain. CEPSA owns 20% of the development company, which it also presides. In December 2005, CEPSA and Sonatrach reached an agreement to purchase gas through the MEDGAZ gasoduct.

CEPSA's Exploration and Production activities are currently based in Spain, Algeria, Colombia and Egypt and produce approximately 250,000 barrels per day.

In Algeria, operations are carried out in three geographically different basins of the Sahara Desert: "Berkine", "Timimoun" and "Béchar", located in the centre east, south east and centre west of the desert, respectively.

CEPSA operates two oil fields in Block 406A of the "Berkine" basin: RKF and OURHOUD. Reserves pending collection attributable to CEPSA, in line with the Company's participation and within the framework of the terms of the production share contract, amount to around 138 million barrels.

The evaluation of reserves forms part of a process under constant review, which in no case includes amounts recoverable beyond the period of validity of the concession or exploitation contract. As a production share contract, the estimate of amounts attributable to CEPSA, under the terms of the contract and established economic conditions, considers those existing at the time of the estimate, which may vary as a result of the influence of the price of crude oil on the cost recovery mechanisms established in the contract.

(6) Further details of the MEDGAZ project at www.medgaz.com

CEPSA participates in exploration activities in Blocks 325A and 329 of the “Timimoun” basin, operating in conjunction with Total (15/85%), where the existence of a natural gas field has been confirmed.

In November 2004, Sonatrach awarding Blocks 309b1, 310b1, 311b1 and 319b1 of the “Béchar” basin to the CEPSA/Total consortium (20/80%) was officially published. A 3D seismic campaign has been carried out in 2006 and 2D and 3D seismic and geological information has been analysed to evaluate the potential of this natural gas field. The results of the analysis will become available during 2006.

CEPSA participates in four blocks in Colombia, located in the upper valley of the Magdalena River. Small crude oil fields are exploited in one of these blocks, while exploratory phases are in place in the remaining three.

In Egypt, CEPSA participates in exploration activities in various areas of the western desert, with a view to developing a new production centre.

Besides its own Exploration and Production activities, CEPSA also acquires necessary crude oil from international markets, purchasing over 20 million tons from different origins each year. Apart from crude oil, CEPSA also purchases finished products, mainly diesel and fuel oil, to meet customer demands.

Investment in refining

CEPSA has three refineries, two in Andalusia and one in the Canary Islands. It also owns 50% of the asphalt refinery in Tarragona. Overall, the Company’s distillation capacity amounts to distil 22.2 million tons of crude oil, accounting for over a third of total Spanish production capacity.

Within the framework of its most recent strategic approach, CEPSA plans to invest Euros 1,200 million in new refining projects that could exceed 25 million tons per year of distilled crude oil. Through such investments CEPSA will increase its average distilling production capacity by 2.7 million tons per year, in terms of products that are notably deficient in Spain. This would position the “La Rábida” refinery amongst the most efficient refining operations in Europe, which already include the “Gibraltar-San Roque” refinery in Cadiz.

CEPSA plans to invest Euros 1,200 million in new refining projects



Investigation Center

In 2005 CEPSA invested Euros 306 million in innovation

Other CEPSA investments will be channelled into projects aimed at increasing the energy efficiency of its refineries to reduce CO₂ emissions, to adapt to the Integrated Pollution Prevention and Control (IPPC) directive, increase production of raw materials for its Petrochemicals area and optimise production processes.

Research, Development and Innovation

CEPSA's Research, Development and Innovation actions, led by its Research Centre, are closely linked to direct applications deriving from its activities, while also serving to support external projects managed by its academic centres.

During 2005, CEPSA increased its Research, Development and Innovation activities, undertaking new projects using the most innovative technology available and always in accordance with BAT (Best Available Technologies), thus helping to maintain its competitive position, improve the energy efficiency of its installations, with a consequent reduction in CO₂ emissions, and to boost output at the various production centres.

In 2005 CEPSA invested Euros 306 million in innovation, of which Euros 12 million were channelled into research and development. Euros 43 million were invested in activities relating to the reduction of environmental impact and in safety. The remaining Euros 251 million were invested in innovation activities relating to product manufacturing and the improvement of processes, to increase their thermal and chemical efficiency, and in the expansion of activities.

CEPSA's main Research, Development and Innovation activities focus on the following:

- New catalyst process selection technologies that enable the emissions and environmental impact of the process units to be reduced.
- Cleaner fuels that exceed the most demanding international regulations.
- New production units incorporating the most innovative and efficient technology available, enabling greater production of hydrogen and aromatic products, essential materials for fuel refining and the expansion of petrochemical activities.

During 2005 new technologies with greater energy efficiency were introduced using products that generate fewer CO₂ emissions, such as natural gas, instead of fuels with a higher carbon content, such as fuel oil.

The selection of more efficient technologies and catalysts for operating applications enables the emissions and environmental impact of the processing units to be reduced. This is particularly relevant considering that the more restrictive specifications for fuels of the future entail an increase in the energetic intensity of production processes, with a consequent rise in emissions. The technological surveillance of information and the detection, evaluation and selection of more efficient technologies and catalysts enable the emission levels that would be required for the production of latest-generation fuels using conventional technology to be offset and even improved.

New fuels

Alternative fuels

CEPSA supports the alternative fuel industry applying a wider scope than that required by law, incorporating biofuel into its petrol and diesel. Through its refining capacity and experience, the Company is aware that it may improve the marketing possibilities of biofuel, bringing it closer to the end consumer:

The main advantage of these fuels is their renewable nature, the reduction in net CO₂ emissions and the generation of wealth in agriculture and industries deriving from the raw materials from which they are obtained.

The “Gibraltar-San Roque” refinery was the first plant in Spain to incorporate bioethanol into its petrol manufacturing process, with a second production unit subsequently being installed in the “La Rábida” refinery.

CEPSA continues to maintain its ETBE (ethyl tertiary butyl ether) production units, whereby bioethanol is added to its entire petrol range, at full output and during 2005 it reached an agreement with the company Abengoa Bioenergía to construct a production plant with the capacity to manufacture 200,000 tons of biodiesel per year in the “Gibraltar-San Roque” refinery, the production of which would be included in the diesel fuels range.

CEPSA's research centre participates in activities aimed at supporting and providing technical assistance to production and marketing centres in the Refining, Petrochemicals and Exploration and Production areas.

Using own technology, CEPSA has also developed a catalytic treatment system for all gaseous effluents from the pilot plants and processing equipment from its various laboratories. This system has a combustion heat recovery stage and enables the different hydrocarbons and organic compounds from the gaseous currents to be converted into inert elements that are neutral for the environment.

CEPSA participates in different European Union research programmes including the Concorde project, which focuses on developing more efficient catalysts; and in domestic and European projects relating, inter alia, to the production and use of biofuel. On these projects CEPSA collaborates with the Complutense and Alcalá de Henares universities in Madrid and Zaragoza university, as well as research bodies, such as the Institute of Chemical Technology (ITQ) and the National Centre for Metallurgical Research (CENIM).

CEPSA has plans to construct a new research centre in the TecnoAlcalá technological park, completion of which is scheduled during the 2007-2008 period.



Service station pump

CEPSA has developed a new range of fuels known as Óptima, which reduce consumption per kilometre

More efficient conventional fuels

ÓPTIMA

Through research and the application of leading technology in its production processes, CEPSA has developed a new range of fuels known as Óptima, Diesel Óptima and Óptima 95 and 98 for users of its service stations. This new range of more efficient, more advanced and cleaner fuels has required significant investment.

One of the main characteristics of these products is the reduction of up to 5% in fuel consumption, which leads to fewer emissions per kilometre and extends engine life. They also provide added value in environmental terms, helping to reduce pollutant emission levels.

Tests performed on vehicles and engines have demonstrated that these fuels offer greater power and savings on consumption than traditional fuels. Their composition prevents the formation of deposits in the combustion system and eliminates any existing deposits, making for maximum exploitation of freed energy.

CEPSA and Greenhouse Gases

CEPSA's Greenhouse Gas policy and strategy

Climate change concerns all members of society and demands coordinated actions involving government, companies and the public at large.

CEPSA is fully aware of the need to reduce Greenhouse Gas emissions and has defined strategic lines to comply with the commitments acquired through the European Community and the Kyoto Protocol. These strategic lines encompass domestic Greenhouse Gas reductions and acquisition of emission allowances through projects and emissions rights trading.

Reduction of domestic Greenhouse Gas emissions is based on:

- Energy integration.
- Improved operations and technologies.
- Savings in energy-intensive products by reducing and optimising the use of steam; reduction of energy loss, recovery of heat energy and the progressive replacement of fuel oil with natural gas in plants where this substitution is viable.

CEPSA is engaged in a project to plan specific energy savings and emission reduction measures. The plan specifically relates to refining, cogeneration plants and ERTISA, although improvements and modernisation in the remaining areas and installations are carried out on an ongoing basis. CEPSA's

CEPSA is engaged in a project
to plan specific energy savings and
emission reduction measures

strategy goes beyond mere compliance with legislation and aims to contribute to overall reduction of Greenhouse Gases, establishing the following guidelines:

- Encourage energy savings and efficiency.
- Promote cogeneration.
- Participate in the Spanish Carbon Fund.
- Participate in the CO₂ emission rights market.
- Gather information and analyse proposals for acquiring Clean Development Mechanism (CDM) and Joint Implementation (JI) rights.
- Substitute fuel with other products having a better carbon/hydrogen ratio.
- Follow technological advances in carbon sinks (deep injection, reforestation, mines, etc.)
- Study the possibilities of implementing renewable energy.

CEPSA's commitment to reducing Greenhouse Gas emissions is embodied in the following two structures:

I. CO₂ Committee

This committee is formed by representatives from each Company unit who meet regularly to follow the monthly evolution of the Company's compliance with Greenhouse Gas emission goals. The CO₂ Committee's functions include:

- Determining CEPSA's strategy in the CO₂ market.
- Approving CEPSA's management and compliance with Greenhouse Gas emission legislation.
- Selecting investments to acquire certificates for clean projects or carbon sinks and emission rights trading.

2. Greenhouse Gas Management Department

This department, which was created to facilitate CEPSA's adherence to European legislation and the Kyoto Protocol, oversees the implementation of the Protocol in installations and monitors compliance.

Among other functions, the department establishes a management strategy to achieve the objectives set by the Company to reduce Greenhouse Gas emissions. This strategy includes:

- Establishing a CO₂ emissions monitoring and control strategy.
- Ensuring that CEPSA complies with European regulations and the Kyoto Protocol.
- Monitoring and participating in CO₂ markets.

CEPSA has taken other initiatives in this area, including installation of five high-yield environmentally-friendly cogeneration plants and a combined cycle electricity/gas plant in San Roque, which simultaneously supplies steam to the refinery. This plant contributes significantly to reducing energy costs and therefore gas emissions, as well as to boosting competitiveness, thereby benefiting both CEPSA and the environment.

Greenhouse Gas emissions per production unit

	2005*	2004	2003
Refining (tons of CO ₂ equivalent / ton of crude oil treated)**	0.194	0.222	0.222
Petrochemicals (tons of CO ₂ equivalent / ton of produced or treated)***	0.388	0.294	0.372
Exploration and Production (tons of CO ₂ equivalent / ton of net petroleum)	0.059	0.064	0.103

(*) The calculation method for 2005 is different from that used in 2004 and 2003, given that in 2005 the Company applied the European Union guidelines for calculating CO₂ emissions in the framework of the European emission allowances trading system

(**) The figure for 2005 includes the cogeneration installations. When excluding cogeneration installations, the figure would be 0.155 tons of CO₂ equivalent / ton of crude oil treated. Cogeneration CO₂ emissions are as follows: 2005 (860 kilotons/year), 2004 (845 kilotons/year) and 2003 (862 kilotons/year). Following the entry into force of new petroleum specifications, CO₂ emissions in 2005 and 2004 rose 26.8 kilotons and 11.5 kilotons compared to 2003, respectively.

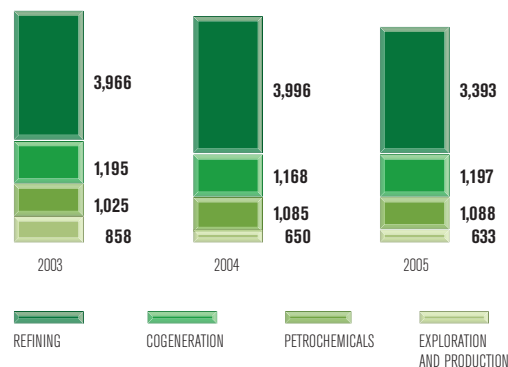
(***) Data for 2005 includes cogeneration installations. Cogeneration CO₂ emissions are as follows: 2005 (337 kilotons/year), 2004 (323 kilotons/year) and 2003 (333 kilotons/year).



Combined cycle electricity plant control room

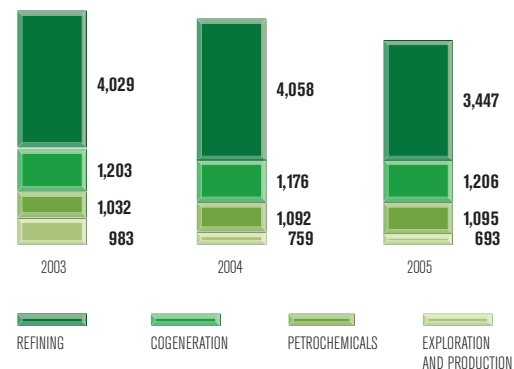
CO₂ emissions

Kilotons



CO₂ equivalent emissions

Kilotons



CEPSA's impact

Greenhouse Gas emission inventory/certification

CEPSA's Greenhouse Gas Management Department prepares a yearly inventory of direct emissions from installations in which CEPSA holds at least a 50% interest, measuring CO₂, CH₄ and N₂O emissions from joint operations.

Total Greenhouse Gas emissions (kilotons)

	2005	2004	2003
CO ₂	6,311	6,898	7,045
CO ₂ e ⁷	6,441	7,085	7,247

AENOR verifies the CO₂ inventory for installations applying the European Directive Greenhouse on Gas Emission Allowance Trading, although CH₄ and N₂O emissions are not verified externally. Instead, CH₄ and N₂O emissions are calculated from activity data such as fuel consumption and production, and emission factors related to the specific activity.

Greenhouse Gas emissions

In 2005 installations in which CEPSA holds an interest emitted 6.31 million tons of CO₂. Excluding cogeneration, 53.8% of emissions were from refineries and 17.2% were from the petrochemicals area. Cogeneration accounts for 19% of emissions and the remaining 10% relate to Exploration and Production.

In 2005 emissions verified in installations included in the National Allocation Plan for Emission Rights⁸ amounted to 4,422 kilotons (98.3% of total allowances).

Based on a study carried out in 2005 with the consultant Linnhoff-March-KBC, by 2009 CEPSA aims to reduce emissions from current refineries by approximately 8% from their 2005 level. In order to achieve this goal, CEPSA will implement measures to improve insulation, reduce steam loss, improve heat exchange in preheating systems and in combustion of vacuum distillation units, change turbines and improve operations of different equipment and units.

(7) In addition to CO₂ emitted, CO₂ equivalent also includes tons of CO₂ with the same greenhouse effect as CH₄ and N₂O.

(8) Three refineries and five cogeneration plants.

Production centres and the environment

CEPSA's production centres give high priority to the possible environmental impacts of their activities. The centres follow a preventative approach based on the principle of continuous improvement, and formalise their commitment through implementation of environmental management systems.

CEPSA's objectives-based environmental improvement programme includes:

- Evaluation of environmental risks.
- Environmental management systems.
- Minimisation of environmental impact.

Management of environmental risks in processes and installations

The environmental risk management tool is based on systematic use of available information to identify substance/system conditions or characteristics which are potentially hazardous to the environment, the probability or frequency such hazards may materialise, and the consequences thereof.

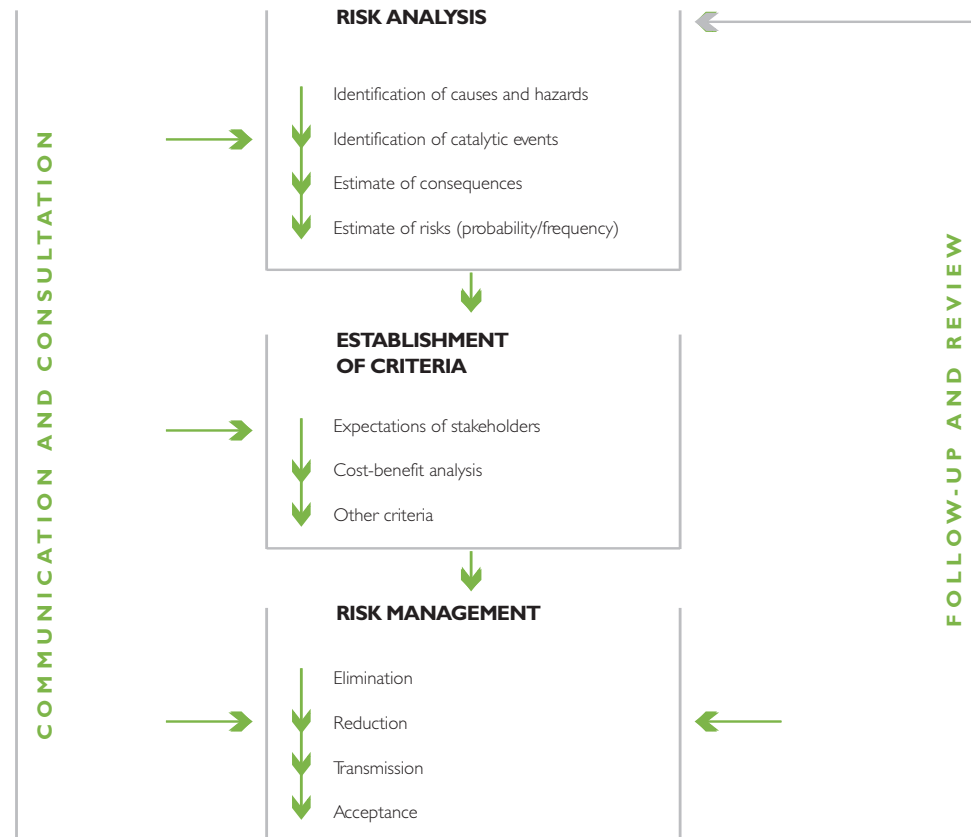
CEPSA is a pioneer in environmental risk management systems. In recent years the Company has worked toward practical application of the UNE 150008 EX standard, which involves the following:



"The Buoy and the Rock" ("La Boya y la Roca"),
CEPSA digital photography competition

- Identification of risks: diagnostic testing of sources, analysis of events which could lead to accidents, preventative measures and environmental awareness, among other studies.
- Estimate of risks based on scenario design, probability/frequency of each scenario occurring, estimated consequences, etc.
- Evaluation of environmental, human and socioeconomic risks, establishing appropriate measures to manage and control these risks.

The programme roadmap is as follows:



Environmental management systems

Environmental management systems (EMS) are designed to promote ongoing improvement in the environmental performance of organisations. These systems also guarantee compliance with legal provisions and local, regional, national and EU requirements, all of which reflect society's concerns for environmental protection.

Integrated Environmental Authorisation is an especially important objective for CEPSA centres subject to the European IPPC Directive⁹.

ERTISA was granted this authorisation in early 2005 and at the end of the year the authorisation procedures for PETRESA San Roque were in their final stages. The refineries and INTERQUISA San Roque also applied for the authorisation during the year:

While the applications are being processed, the "Gibraltar-San Roque" and "La Rábida" refineries signed voluntary agreements with their respective regional environmental agency.

With these actions, CEPSA has pre-empted legal requirements, which will not enter into force until 31 December 2006.

All CEPSA's main production centres have environment management systems which are externally certified in accordance with ISO 14001 standards and the European Union EMAS¹⁰.

All CEPSA's main production centres have externally-certified environmental management systems

Area	Total N° of Centres	% of centres with EMS	% of centres with certified EMS
Refining	3	100	100
Petrochemicals	6	100	100
Exploration and Production	3	currently being implemented	-
Marketing and Logistics	607*	3	1.8

(*) Includes the 521 service stations managed by CEPSA.

(9) Applied in Law 16/2002 on Integrated Pollution Prevention and Control
(10) The European Union Eco-Management and Audit Scheme (Regulation (EC) No 761/2001 of the European Parliament and of the Council of 19 March 2001). EMAS environmental statements for installations can be viewed at www.cepasa.com/The company/Corporate information/Environment.

Implementation of an environmental management system requires a commitment which is updated each year and is embodied in the yearly management programme, establishing and documenting objectives and goals to prevent and minimise negative impacts on the environment.

The main objectives for 2005 and the degree to which they have been met are as follows:

Refining			
Objective	Action	Installation	% met
Reduction of emissions			
Reduce volatile organic compound (VOC) emissions	Installation of double seals in pumps and in a tank	"La Rábida" refinery	79
	Continue the project to connect double seals to torch (Visbreaker Unit)	"Tenerife" refinery	50
	Installation of diaphragm floats in tanks	"Gibraltar-San Roque" refinery	72
Reduce sulphur dioxide (SO ₂) emissions	Improvement in sulphur plants	"Gibraltar-San Roque" refinery	80
	Improvements in sulphur plants	"Tenerife" refinery	79
	Preheating of HDS-2 vacuum distillation units	"La Rábida" refinery	100
Improve waste quality			
Reduce environmental impact of wastewater spills	Reuse more water, reduce organic component, etc.	"La Rábida" refinery	66
	Measures to meet the Refinery Guide Values	"Tenerife" refinery	80
	Installation of stainless steel lines for acidic waters. Improve performance of Dissolved Air Flotation	"Gibraltar-San Roque" refinery	43

Petrochemicals

Objective	Action	Installation	% met
Reduce atmospheric emissions	Adaptation of vacuum distillation units to consume natural gas	PETRESA San Roque	80
Reduce pollutants in spillage	Effective decrease in the organic component of waste	DETEN Química	100
Reduce waste generated	25% decrease in alkylation sludge	PETRESA San Roque	100
Eliminate pollutants in the piezometric network and recover polluted soil	Adaptation to benchmarks established in current legislation	ERTISA	75
Energy efficiency	Improvement in energy consumption rate	INTERQUISA Canadá	100
Reduce noise pollution	Soundproofing of the TA-1 compressor	INTERQUISA San Roque	100
Environmental awareness	Programmes with community residents	DETEN Química	100
Reduce raw materials consumption	Reduction in p-Xylene and acetic acid consumption	INTERQUISA Canadá	100

Marketing and Logistics

The main Marketing and Logistics objectives are aimed at establishing environmental management systems. Among other installations, this has been carried out in CEPISA Portugal with the implementation of an integrated management system based on ISO 9001, ISO 14001 and OHSAS 18001 standards, and in ISO 14001 certifications awarded to CMD and CEPISA Aviación.

The main objectives in PROAS relate to prevention of soil contamination and have entailed various actions such as substitution of valves and installation of piezometric networks. Another notable objective was compliance with the proposed stages of a project to reuse old tyres for producing bitumen rubber.

Exploration and Production

Exploration and Production has made progress in the implementation of integrated environmental, quality and safety management systems in accordance with ISO 14001, ISO 9001 and OSHAS 18001.

Protecting the environment

Biodiversity

The processes carried out in the Company's installations have possible environmental impacts. Protection for the surrounding environment requires careful planning of activities, along with studies and identification of possible environmental impacts (including living creatures and water quality), and the design of preventative and corrective measures. This includes monitoring the metal contamination levels affecting the marine life of the Padre Santo Channel at the "La Rábida" refinery, and water quality studies related to spillage from the "Tenerife" refinery.

CEPSA has prepared a study on the location of its centres in relation to the United Nations list of protected areas and the wetlands included in the Ramsar Convention⁽¹⁾. The study aims to analyse the effects these activities may have when they are carried out within two kilometres of protected areas.

ERTISA and the "La Rábida" refinery are located close to the Odiel Wetlands Park and the Lagunas de Palos y Las Madres Natural Park. CEPSA continues its efforts to maintain the ecological wealth of this wetland area, which is included in the Ramsar Convention.

In the Commercial and Logistics area, CEPSA has identified 18 service stations which are located within protected areas. In addition, 57 are located within 2 kilometres of these areas. Of the Company's 56 gas centres, 2 are located less than 2 kilometres from protected areas.

(1) Information on the international Ramsar Convention on Wetlands, especially with respect to waterfowl, is available at www.ramsar.org

Spillage

CEPSA's efforts to limit spillage to a minimum range from preventative measures in loading and unloading areas to maintenance of infrastructure and decontamination units, including three antipollution catamarans. Spillage in the "La Rábida" and "Tenerife" refinery due to a broken unloading hose was especially noteworthy.

Soil and groundwater

CEPSA is aware of the impact on soil and groundwater and therefore carries out preventative measures and direct actions to avoid contamination through maintenance and extension of piezometric networks and regular soil and groundwater analyses.

Centres with piezometric networks regularly measure groundwater levels and take samples in order to analyse quality parameters to detect any potential contamination and, where necessary, implement corrective measures.

In 2005 the "Gibraltar-San Roque" refinery carried out six piezometric measurement campaigns, two gas-measuring campaigns and two groundwater sampling campaigns. At the end of 2005 the refinery undertook a decontamination project whereby both steam and liquid hydrocarbons were pumped out of groundwater deposits. The "Tenerife" refinery is collaborating with the Santa Cruz de Tenerife Port Authority in efforts to remove hydrocarbons, especially in the Castillo Negro area.

The Petrochemicals area is also carrying out soil and groundwater decontamination initiatives, such as the soil decontamination project DETEN Química expects to complete in 2007. This project entailed a cost of €415,000 during 2005.

As part of the environmental risk efforts, service stations have continued selective decontamination of soil and groundwater and their environment monitoring and control plan.



"A Walk in the Mountains" ("Caminando por la sierra"),
CEPSA digital photography competition



Storage tanks at the “La Rábida” refinery

Reduction of atmospheric, noise and visual pollution

Local atmospheric emissions

In order to determine the possible environmental effects of atmospheric emissions, CEPSA has local air quality measurement networks to transmit data gathered in real time to the corresponding environmental authority in each region. CEPSA is continuing to make improvements to these networks, such as replacement of the emission analysers in the Gibraltar oil field.

In 2005 the “Gibraltar-San Roque” refinery carried out studies to identify the odour-producing components surrounding the installation, specifically in the Puente Mayorga area. As a result, the refinery has established environmental objectives for 2006 to minimise and/or reduce odours, especially those emanating from the industrial waste treatment plant.

Noise control

CEPSA’s production areas, and especially the Refining and Petrochemicals areas, are especially concerned with noise levels, due to their impact on the immediate surrounding. The Company regularly measures sound levels in installations to ensure that they remain below legal limits. Sound levels are monitored at stoppage, normal operations and start-up, and at various times during the day.

Impact on the natural landscape

CEPSA is aware of the visual impact the installations may have on those living in the surrounding areas, as well as on plant employees. Consequently, the Company attempts to minimise these effects by creating a visually-pleasing environment for employees, such as artistic paintings on the Tenerife installation units or works of art inside the “Gibraltar-San Roque” refinery. As a result of the landscape impact study, the four crude oil storage tanks standing near the Laguna Primera de Palos (Huelva) natural park were painted a teal colour and screened by vegetation, in order avoid causing tension to birds in the area and to mitigate visual pollution.

Throughout 2005 PROAS has made notable efforts to improve the visual impact of its plants by creating vegetation screens both inside and outside the installations.

Product Safety at CEPSA

CEPSA and the challenge of safe products

CEPSA is committed to providing safe products and services and therefore strictly complies with prevailing legislation and with the responsibilities assumed through its internal regulations and voluntary agreements. The Company earmarks significant resources to guarantee that its products lead in terms of safety: in 2005 this investment totalled €300,000. CEPSA also has wide-ranging internal product safety regulations, which include the following main guidelines:

- Basic Workplace and Industrial Risk Prevention Regulations.
- Product Design and Development Procedures.
- Procedures for Providing Safety Information on Hazardous Projects.
- Viability Procedures for new energy products and Definition of Specifications.
- Risk Prevention Manual. Workplace Safety and Health Management System.

Safety information on products marketed or handled by all CEPSA companies, centres and units is distributed to all personnel and customers involved in product handling.



Filling lubricant barrels



PET bottles

Safety Data Sheets have been prepared for all products sold by CEP SA. These sheets are distributed as necessary to the Spanish Ministry of Health and Consumer Affairs and to professional users prior to the first delivery of the product.

The Safety Data Sheets are reviewed at least every five years, or earlier in the case of changes in applicable legislation or product composition, and when new information becomes available.

CEPSA's commitment to product safety is also embodied in the external initiatives the Company voluntarily supports, such as the Commitment to Progress Programme, the EFQM Excellence Model and the different quality management systems and safety, hygiene and environmental management systems.

European Parliament and European Council Regulation on the Registration, Evaluation and Authorisation of Chemicals (REACH)

The REACH proposal developed by the European Parliament and the European Council involves a regulatory framework requiring companies to provide information on chemicals and to use this information to guarantee that risks to human health and the environment are managed responsibly. The regulation, which is expected to enter into force in 2007, is based on the conviction that there is insufficient information on the 100,000 chemicals currently sold in Europe, and adopts a precautionary principle whereby the chemical industry itself must demonstrate that the substances used are innocuous.

The REACH system regulates the following:

1. **Registration** of chemicals manufactured in volumes starting at 1 ton.
The manufacturer or importer is required to notify the respective authority of the intention to produce or import a substance and must submit a technical dossier and a chemical safety report. The authority includes this information in an electronic database submitted to the European Chemicals Agency.
2. **Evaluation** of registered substances.
The Agency will develop risk-based criteria allowing authorities in member states to prioritise the evaluation of certain substances. The authorities will carefully examine the information provided by the industry and will inform the industry of a substance-tailored testing programme.

3. **Authorisation** of substances of very high concern
4. **Restriction** of substances of very high concern, which should be adequately controlled or substituted with other chemicals or alternative technologies.

For substances of very high concern, authorities have to give specific permission before such a substance can be used for a particular purpose, marketed as such or as a component of a product. The scope is clearly defined and strict deadlines are set for both industry and authorities.

CEPSA's response to REACH

CEPSA has already begun applying the European REACH initiative, which will affect more than 1,500 products manufactured by the Company.

Among other obligations established by the REACH proposal, CEPSA will be required to perform an inventory of both hazardous and non-hazardous chemicals and an inventory of available data on the intrinsic properties of substances and preparations; review classification and labelling; and establish processes for selecting new substances and evaluating costs. In order to manage these requirements, CEPSA has established a network structure.

CEPSA is also developing a tool to allow product safety managers to create, distribute and manage safety data sheets, job risk sheets, driver instructions (Tremcards) and other additional documents containing product safety information. This system, which will be fully implemented in 2006, will be automatically updated for any relevant modifications of legislation.

In 2005 the Company has carried out training activities for employees whose activity requires knowledge of the REACH proposal.

CEPSA has already begun applying the European REACH initiative, which will affect more than 1,500 products manufactured by the Company



Butane delivery

Safety, part of the very design of CEPSA products

Safety concerns are taken into account from the initial design stage of CEPSA products. This allows the Company to forecast the costs which would be incurred if the Company did not apply the safety measures established in REACH. The more advanced the product or service, the greater the added value, therefore making it more difficult to correct errors in later stages.

CEPSA's procedures establish criteria to ensure product safety and customer satisfaction, which is identified through market studies. The various stages of this procedure, which affects more than 1,500 of CEPSA's products, are also key safety milestones:

Preliminary design. The first step is to transform data obtained regarding customer needs into "preliminary specifications" for a product or service.

Another key aspect in this stage is the preparation of a product benchmark in order to obtain information on different variables, as well as the price and the technology to be applied in order to obtain the expected profit. Basic and applied research programmes are also carried out as necessary.

Detailed design. Due to the large amount of information in the first stage, there are multiple alternatives for product and process design. In the second stage, the best option is selected and a more detailed product design is developed. Specifications for raw and other materials purchases are prepared and goods are manufactured for prototype testing or as "preliminary samples" for testing purposes by customers.

Preliminary samples or prototype testing. Preliminary samples of finished products are prepared and studied to confirm certain factors.

Development of processes and start-up of production. This stage includes project team activities, selection and evaluation of machinery and equipment suppliers, purchases, assembly and testing.

Design planning. Descriptive action plans including assignment of responsibilities are prepared for each above-mentioned activity.

Design review and verification. Possible problems identified are subject to formal reviews as necessary and follow-up actions are proposed. These measures are recorded.

Verification of design. Once the final product is available, it is validated for the specific conditions of use or the service to be rendered, in order to verify that it complies with pertinent requirements. Data obtained during this stage should be verifiable based on acceptance and rejection criteria.

Record of changes. When necessary, changes to the product design should be identified, reviewed and verified for subsequent approval.

Documentation and registration. All product design activities are governed by written procedures which reflect the responsibilities assigned in all stages. In addition, written record should be kept of new product design and development stages for subsequent verifications or analysis, for at least three years from the date the product is first marketed.



SUSTAINABLE DEVELOPMENT MANAGEMENT IN CEP SA

Vocation to service

COMMITMENT TO CUSTOMERS

The process-based Quality Management System model adopted by CEPESA uses the results of customer satisfaction surveys as one of the “inputs” for data analysis and improvement. The Quality Policy also includes other customer-related commitments:

- Efficiency in the marketing of products, rendering of services and after-sales service.
- Development of continuous quality improvement practice.
- Reduction in quality-related costs.

Commitment to quality

Commitment to quality goods and services has been a constant factor throughout the history of CEPESA, which understands that quality is an issue necessarily involving all people and activities.

Although quality has been essential to CEPESA's activities since its incorporation, it is rooted in the policies defined at the beginning of the nineties in the Basic Quality Regulation. This regulation is applicable to all CEPESA companies and its guidelines are developed in the Quality Manuals.

The Quality Policy established in the Basic Regulation is summarised in the Quality Manual for business units and activity centres, which is available to customers upon request.

Since implementation of the Basic Quality Regulation, CEPESA has undergone a gradual process of Quality Management System certification⁽¹²⁾.

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 between 1993 and 1996, across the entire range of product manufacturing activities.

(12) Quality Assurance certifications are available at www.cepasa.com / The company / Corporate information

Subsequently, the implementation of these systems was extended to product marketing and distribution units, including service stations.

100% of the refining and petrochemical activities in Spain are therefore carried out under quality systems certified with the ISO 9001 standard, as are 100% of operations in the petrochemicals area outside Spain. These include the three subsidiaries of CEPSA engaged in petrochemical production: PETRESA Canada, DETEN Química and INTERQUISA Canada.

The Quality Management System of the LUBRISUR mixing and packaging plant and the CEPSA LUBRICANTES, S.A. support centre have also received the automobile sector's quality certification UNE-EN-ISO/TS 16949.

Four testing laboratories, PETRESA, the "La Rábida" refinery, "Gibraltar-San Roque" and the Research Centre, have ISO 17025 accreditation awarded by ENAC.

All Quality Management Systems underpinning products and services supplied to the Armed Forces have been certified in accordance with regulation PECAL 2120 by the Ministry of Defence's General Committee of Armaments and Materials.

The Quality Management Systems implemented by the business units and activity centres include procedures for dealing with customer complaints. These are analysed periodically by the Quality Committee in order to identify opportunities for improving processes, products and services. A total of 57 improvement projects were underway in 2005.

During 2005, various quality certification activities were carried out, of which the following are particularly noteworthy: certification of Polo de Compras de Tecnología y Fabricación and CEPSA Gas Licuado, S.A.; expansion of the certification of CEPSA Portuguesa de Petróleos and PROAS with the inclusion of LPG and the Gijón plant, respectively.

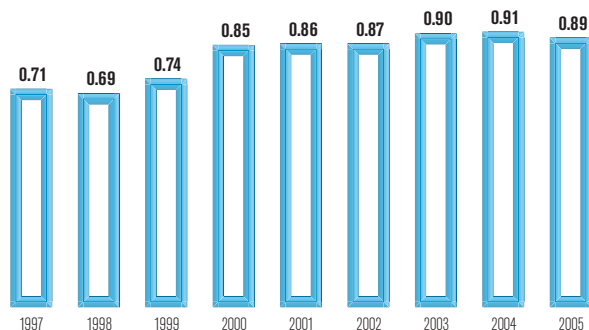
Verification of service level compliance of CEPSA subsidiaries which sell and distribute agricultural and heating diesel to end customers. The reference used was the CACHAN RE/DFD/01 1994 Service Manual, by which CECOMASA and CECOGALSA were also certified.

Audit of the companies GAR-OIL, S.L. and SOCOPAR, S.L. and expansion of the scope of the conformity letter of GASOLEOS DEL NORESTE, S.L.

Implementation of a common information system via a software application in the Quality Management Area of companies which make up CEPSA. This allows for standard monitoring of safety, environmental protection and quality breaches, along with corrective measures taken, within a unified, auditable system.

CEPSA customer satisfaction*

%



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

Commitment to customer satisfaction

The viability of CEPSA's business depends to a large extent on its ability to fulfil the needs and expectations of its customers.

CEPSA's Quality Policy includes a commitment to improve the efficiency of product marketing, services and after-sales customer service, which are key factors of customer satisfaction.

CEPSA regularly carries out customer satisfaction surveys, the results of which are incorporated into continuous improvement processes. Customer satisfaction has improved consistently since 1997, the first year in which data for this indicator became available, rising from 0.69 in 1998 to 0.89 in 2005.

Regular customer satisfaction surveys have also been carried out for CEPSA Gas Licuado. In 2005, studies were performed with a view to discovering the level of user satisfaction and perceived quality of service in the supply of bottled gas and bulk propane, and attention should be drawn to the customer service satisfaction ratings of propane gas customers.

The CEPSA LUBRICANTES studies carried out in collaboration with external organisations show that customer loyalty based on both sales service and telephone customer service improved during the period 2004-2005.

CEPSA has an Ombudsman for Fuel and Oil Customers, who is in charge of managing customer satisfaction projects and identifying best practices with a view to improving existing processes. The Ombudsman also maintains and manages the system currently being implemented in Spain for dealing with customer complaints and suggestions.

Responsible commercial communications

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

The company has also formed part of "Confianza On-Line" (Trust Online), the Spanish system of integral self-regulation for e-commerce with consumers and interactive advertising, organised by the Federation of E-commerce and Direct Marketing (FECEMD), the Spanish E-commerce Association (AECE) and Autocontrol.

CEPSA is also a member of the Spanish Advertisers Association (AEA) and has contributed to the development of the Good Practices Code. It also subscribes to the seven Agreed Procedures between advertisers and advertising agents (creative agencies, research institutes etc.).

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, computerised databases are registered at the Spanish Data Protection Agency.

Of all its commercial and promotional communications, CEPSA takes special care over those directed at current and potential customers, and ensures resources are in place so that the right to access, amend or delete recorded data, or object to its being processed, may be exercised.

RECOGNITION AND DIFFUSION OF THE CULTURE OF QUALITY

CEPSA awards annual quality prizes which recognise the efforts of groups which have worked on projects aimed at improving processes, products and services. The first prize was awarded to the "Automatic re-supply of CEPSA customers" project, submitted by an improvement group in the distribution unit of the General Management of Oil Trade.

The marine fuel unit has published and distributed to its customers the Cuaderno del Mar (Maritime Journal), which contains useful information such as Bunker product specifications, locations of ports and distances between them, units of measurement, conversion tables etc.



Technician at the “La Rábida” refinery

Efficiency in operations

The environmental impact of CEPSA's activities derives from the consumption of natural resources and the results of its operations. Accordingly, the Company's main efforts in terms of the environment are centred on reducing the use of raw materials and energy and cutting down pollution generated by its activities.

Commitment to continuous improvement in environmental issues

This commitment was made possible thanks to the conviction, knowledge and resources necessary to carry it out. CEPSA has an advanced environmental management structure in place which is founded on three key principles:

Basic standard environmental management principles for the whole Company

CEPSA has standard criteria for protecting the environment which are set out in its Basic Regulation on the Environment. This regulation lays down the environmental standards to be followed for all operations and therefore forms the basis of the Company's environmental management policy.

This regulation is implemented throughout the entire Company via defined environmental policies, environmental management manuals and working procedures, which are updated regularly and available on CEPSA's intranet.

Clear, specific objectives

CEPSA considers that the setting and follow-up of objectives are a key factor to improving its environmental commitments. The Company regularly sets corporate objectives which are subsequently integrated into the corresponding lines of business and activity centres.

Assignment of responsibilities and resources

CEPSA has a structure specifically designed to continuously improve environmental management consisting of the following:

Environmental Safety and Quality Committee (PA.S.CAL)

This body answers directly to Technical General Management and its main functions include updating the Basic Regulations for Environmental Protection, Safety, Quality, Greenhouse Gas Management and environmental procedures.

PA.S.CAL Committee

This Committee is responsible for areas such as periodic reviews of Environmental Management Systems, Occupational Health and Safety and Quality management and reports directly to Technical General Management. This Department strives to promote continuous improvement in order to ensure that management systems are adapted to customers' needs and expectations, that risk identification, assessment and control activities function properly and that the Company adapts itself to the requirements of the environment in which the business units and production centres carry out their activities.

100% of Petrochemical and Refinery products come from environmentally-certified centres

CEPSA is a pioneer in the voluntary environmental certification of its activities and the first Spanish company to obtain the ISO 14001 standard and environmental accreditation as part of the Eco-Management and Audit Scheme (EMAS).

Currently 100% of CEPSA's Petrochemical and Refining products are manufactured in production centres with environmental certification. A certifiable environmental management system is currently being implemented in the Exploration and Production division, specifically in the RKF and Ourhoud oil fields in Algeria and Espinal in Colombia.

In the Marketing and Logistics area, 18 centres have environmental control systems in place, 11 of which are certified.

Environmental management certifications obtained in 2005 include the ISO 14001 standard awarded to CMD Aeropuertos Canarios, CEPSA Aviación and INTERQUISA Canada.

Corporate environmental protection management

The functions of this division, which reports to the Environmental, Safety and Quality Committee (PA.S.CAL), include the enhancement, development and application of CEPSA policies and regulations in relation to environmental protection, the consolidation of environmental costs and the updating of environmental legislation.

Management of PA.S.CAL activities in business units and activity centres

The structure comprises the environmental, safety and quality departments in each of the Company's lines of business and activity centres.

Environmental investment

1. Investment trends

During 2005 environmental investment amounted to over Euros 24.8 million. Notable efforts in the Refining and Marketing and Logistics areas during 2004 have led to a decrease of 38.50% in investments compared to the prior year:

Investment by areas of activity

	%
Refining	41.76
Petrochemicals	18.92
Exploration and Production	14.78
Marketing and Logistics	24.23
Other	0.30

Environmental investments

	%
Water	18.39
Atmosphere	36.04
Waste	11.35
Volatile Organic Compounds	3.02
Land and Groundwater	14.63
Noise/other	16.57

2. Principal environmental investments 2005

Exploration and Production

The most significant project in this area is the development and implementation of a new technology known as TPS (Thermal Phase Separation) at the Ourhoud oil field in Algeria. This technique enables hydrocarbon contaminants to be separated from solid perforation waste, thus facilitating appropriate subsequent management¹³.

Refining

The main investments in the Refining area have aimed to reduce atmospheric emissions from the three refineries¹⁴. Noteworthy investments include those made in the "Tenerife" refinery for the modification of hydrodesulphuration plant I, the adaptation of the Amina plant, the construction of a new sulphur plant and the installation of electrical frequency converters to improve power plant efficiency.

Marketing and Logistics

The most significant investments in this division are those aimed at environmental risk management in the service station network, for the prevention and control of ground and groundwater contamination, and in PETROCAN, PROAS and energy subsidiaries.

Petrochemicals

The following key projects have been developed in the Petrochemicals area:

- Soundproofing of the compressor warehouse in INTERQUISA San Roque.
- Installation of new burners and acidic catalyst absorbers in PETRESA San Roque.
- Acquisition of new contamination control equipment and improvement of rainwater control in ERTISA. This project was awarded the Buzón Verde environmental prize in 2005.

(13) For further information regarding this project see the case study in the "Waste Management" section.

(14) Further information regarding CEPSA investments in the section "The production centres and their environment".



Asphalted road

- Improvements at the industrial effluent treatment plant and in the water collection network in INTERQUISA Canada.
- Groundwater control system in DETEN.
- The paraffin conversion plant to reduce volatile organic compound emissions in PETRESA Canada.

Extension of environmental management requirements to suppliers and subcontractors

CEPSA's environmental management, safety and quality systems also encompass suppliers and subcontractors. The preventative nature of CEPSA's policies means that, when endorsing a supplier, their quality control, environmental protection and risk prevention systems must be taken into account, amongst other factors.

CEPSA procedure

Supplier requirements

Basic Environmental Regulations

Suppliers are required to comply with environmental legislation

General Supplier Evaluation and Standardisation Procedure

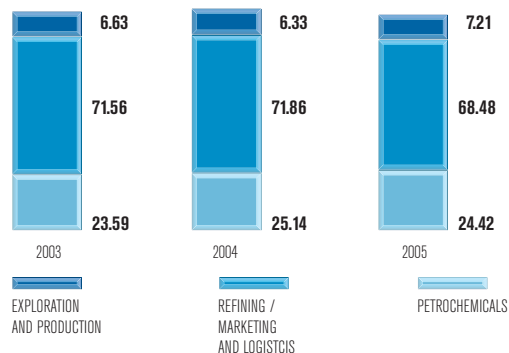
Basic criteria for the evaluation and standardisation of suppliers

General Procedure for the Evaluation of Supplier P.A.S.C.A.L. systems

Establishes environmental, safety and quality criteria for supplier evaluation

Energy consumption by business activity

Millions of gigajoules/year



Resource consumption indicator trends

Energy efficiency

CEPSA's energy saving policy and programmes have generated reductions in energy consumption in Refining and Petrochemicals.

Total energy consumption in 2005 amounted to 100.11 million gigajoules, marking a 3.1% decrease and savings of 3.22 million gigajoules compared to 2004.

In the Refining area, there has been an overall reduction of 3.4 million gigajoules in energy consumption, while consumption per ton of crude oil treated has improved by 6.8% compared to the prior year. The "Gibraltar-San Roque" refinery has contributed 10% of this improvement in

consumption through adjustments in steam generation. The “Tenerife” and “La Rábida” refineries have increased their energy consumption, albeit not to a significant extent.

CEPSA cogenerations have been producing electric energy at maximum output, achieving a gross production level of 1.9 million MWh in 2005.

In the Petrochemicals area, there has been a reduction of around 3% in both global energy consumption and energy consumption per ton produced. Petresa San Roque and INTERQUISA Canada have contributed significantly to this reduction in consumption, with 10% and 7.4% respectively.

The increase in production in the exploration and production area has caused energy consumption to rise.

Consumption of Raw Materials

During 2005, some 30 million tons of raw materials were consumed, largely in refining. Jointly, the three refineries operated by CEPSA to obtain petroleum derivatives distilled 20.90 million tons of crude oil. CEPSA’s refineries are managed using an operations optimisation model to maximise product transfer and medium-sized load synergies, while also integrating their activities with those of Petrochemicals.

In the Petrochemicals area, petroleum derivatives are converted to create value added products that serve as raw materials for the manufacture of plastics, synthetic fibres, detergents, etc., with constant updating of technology and strict quality control measures. Of total raw materials consumption in the Petrochemicals area, 55% is attributable to PETRESA San Roque. This plant receives raw materials (kerosene, hydrogen, benzene, sulphur and naphta) from the “Gibraltar-San Roque” refinery, and then returns n-paraffin free hydrogenated kerosene, which makes an excellent fuel for aircraft reactors. The n-paraffins are subsequently used in the manufacture of detergents.

Raw materials consumption in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	1,979	1,992	1,955
PETRESA Canadá	113.10	108.32	99
INTERQUISA San Roque	424.40	481.64	476
INTERQUISA Canadá	*	328.96	342.16
ERTISA	497.11	492.39	518.83
DETEN	153	149	153.54

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

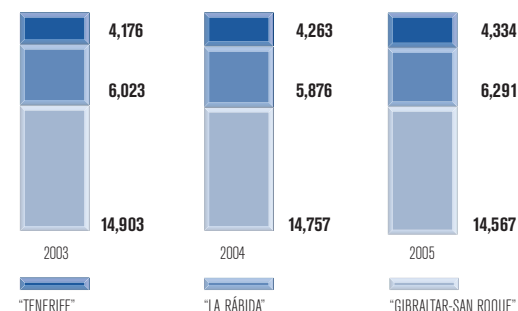
CEPSA AND COGENERATION

CEPSA has developed cogeneration plants that enable energy to be saved and a higher level of energy efficiency to be achieved. Cogeneration results in savings of 50% compared to power plants.

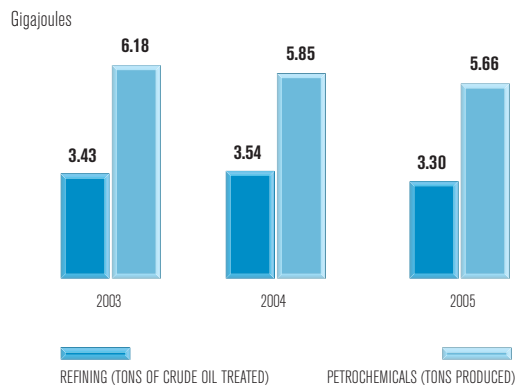
There are five cogeneration plants, which in 2005 sold 1,758 GWh of electricity to the electrical energy distribution network. Net steam production amounted to 3.63 million tons.

Consumption of raw materials in Refining, by plant

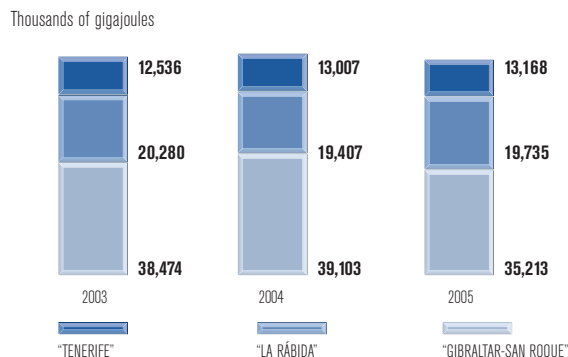
Thousands of tons



Energy consumption per production unit or crude oil treated



Energy consumption in Refining, by plant



Energy consumption in Petrochemicals, by company

Thousands of gigajoules

	2003	2004	2005
PETRESA San Roque	6,561	6,926	6,248
PETRESA Canadá	2,040	1,799	1,684
INTERQUISA San Roque	7,554	7,331	7,547
INTERQUISA Canadá	1,359*	2,790	2,583
ERTISA	4,137	4,084	4,027
DETEN	1,938	2,206	2,335

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

Energy consumption in Marketing and Logistics, by company

Thousands of gigajoules

	2003	2004	2005
Energy subsidiaries	1.41	56.87	58.04
PROAS	193.85	201.03	191.84
PETROCAN	4.48	12.25	6.11
CMD and CEPSA Aviación	27.03	8.91	28.93
CEPSA Portuguesa	0.003	30.20	31.78
CEPSA Gas Licuado	9.98	15.91	17.56
ATLAS	26.25	22.73	33.95

Atmospheric emissions

The activities carried out at the CEPSA production centres generate atmospheric emissions, mainly as a result of fuel consumption. The most significant of these emissions, in terms of volume and impact on both human beings and the environment, are NO_x, SO₂ and volatile organic compounds (VOCs).

The investment programme has enabled considerable reductions in the main emissions affecting the local atmosphere, and the use of fuels with a lower sulphur content.

Nitrogen oxides

The combustion process generates nitrogen oxides (NO_x) that can add to acidification and eutrofication of the environment and the formation of tropospheric ozone.

NO_x emissions in Petrochemicals have fallen to 0.49 kilograms per ton produced, compared to 0.54 the prior year, with a 14.7% decrease at PETRESA San Roque.

In the Refining area, NO_x emissions have decreased in the "Gibraltar-San Roque" and "La Rábida" plants by 14.3% and 11.5%, respectively. In the "Tenerife" plant, however, there has been a 17.7% increase in emissions.

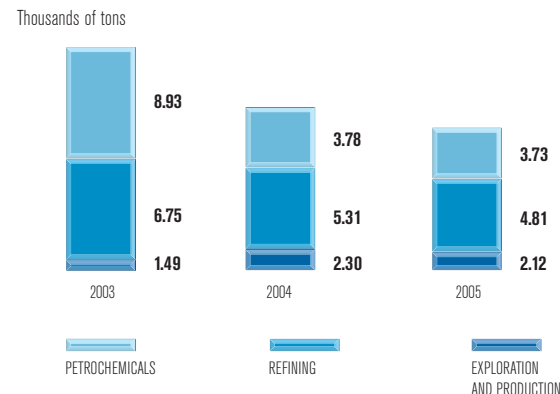
Sulphur oxides

Sulphur oxides are produced during the combustion process due to the sulphur content of the fuel. Emissions of these compounds contribute to acidification of the atmosphere, land and water.

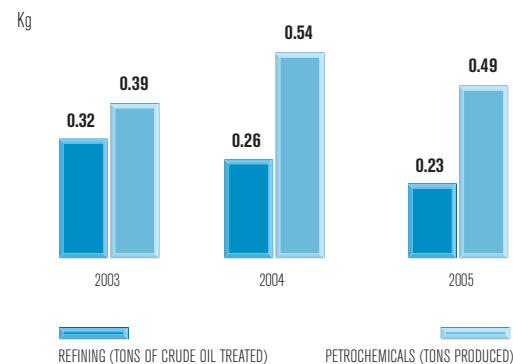
CEPSA has achieved significant results in its efforts to reduce SO₂ emissions. In the Refining area, there has been a global reduction in emissions of around 16% compared to 2004. Targets set by the "Gibraltar-San Roque" plant for 2005 include the use of fuel with a lower sulphur content and the improvement of immission measurement systems, including the updating of SO₂ analysers and adaptation of the existing immission network. The "Tenerife" refinery has achieved a 26.2% reduction in SO₂ emissions through using cleaner fuels.

In the Petrochemicals area, the global decrease in SO₂ emissions amounts to 26%. Most notably, in PETRESA San Roque SO₂ emissions have fallen by 27.4% compared to 2004, owing to the use of natural gas instead of fuel.

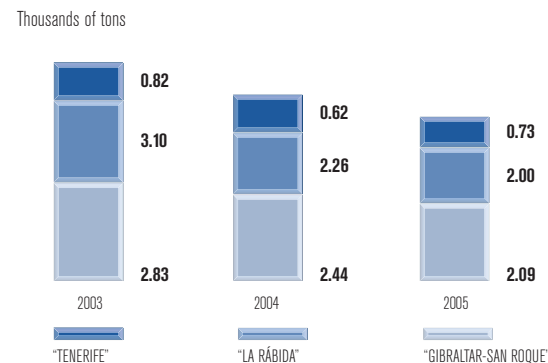
NO_x emissions by business activity



NO_x emissions per production unit or crude oil treated

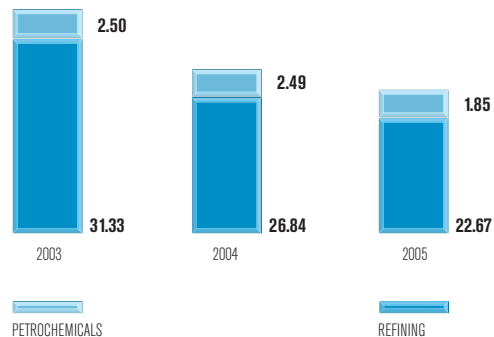


NO_x emissions in Refining, by plant



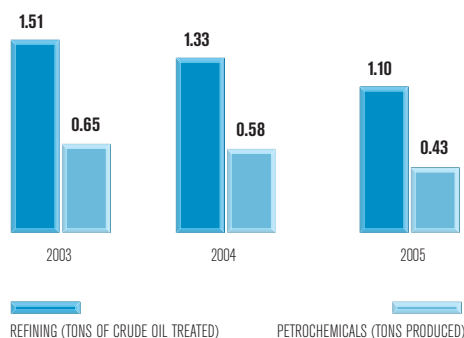
SO₂ emissions by business activity

Thousands of tons



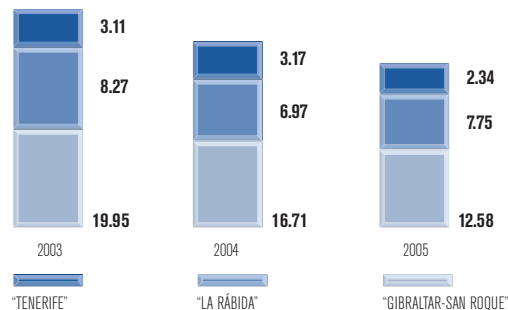
SO₂ emissions per production unit or crude oil treated

Kg per production unit or crude oil treated



SO₂ emissions in Refining, by plant

Thousands of tons



NO_x emissions in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	2.10	2.19	1.59
PETRESA Canada	0.0001	0.0001	0
INTERQUISA San Roque	0.011	0.013	0.011
INTERQUISA Canada	*	0.002	0.002
ERTISA	0.39	0.28	0.24
DETEN	0.002	0.002	0.001

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

SO₂ emissions in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	2.10	2.19	1.59
PETRESA Canada	0.0001	0.0001	0
INTERQUISA San Roque	0.011	0.013	0.011
INTERQUISA Canada	*	0.002	0.002
ERTISA	0.39	0.28	0.24
DETEN	0.002	0.002	0.001

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

Volatile organic compounds (VOCs)

VOCs are chemical compounds of varying structure that are generated in the manufacturing plants, in storage and in product loading operations. CEPSA's interest in controlling these compounds stems from their possible connection with the production of tropospheric ozone.

In the Petrochemicals area, VOC emissions have remained stable in all plants except INTERQUISA Canada where, owing to operational improvements, there was a reduction of 81.8% in 2005 compared to 2004.

In the Exploration and Production area, the trend observed in 2005 has continued, with a 6.8% reduction in VOC emissions.

VOC emissions in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	0.08	0.08	0.09
PETRESA Canada	0.002	0.002	0.002
INTERQUISA San Roque	6.13	6.85	6.69
INTERQUISA Canada	0.35*	1.1	0.2
ERTISA	0.54	0.42	0.45
DETEN	0.006	0.007	0.006

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

Water consumption

CEPSA's total water consumption has decreased compared to the prior year, with the most significant reductions being achieved in Refining.

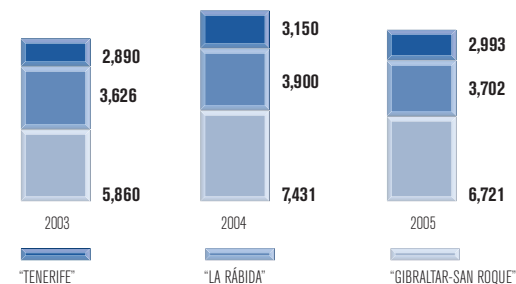
There has been a notable increase in reused water in certain areas with consequent savings in consumption and waste water. During 2005, in Refining, 340,191 cubic metres of water were reused in the "La Rábida" refinery, while in Petrochemicals, namely in INTERQUISA San Roque, the volume of reused water amounted to 333,894 cubic metres.

Total external water consumption

Thousands of cubic metres	2005	2004	2003
Exploration and Production	490	531	142
Refining	13,417	14,482	12,376
Marketing and Logistics	99	106	54
Petrochemicals	14,815	14,063	11,230
Total	28,841	29,182	23,802

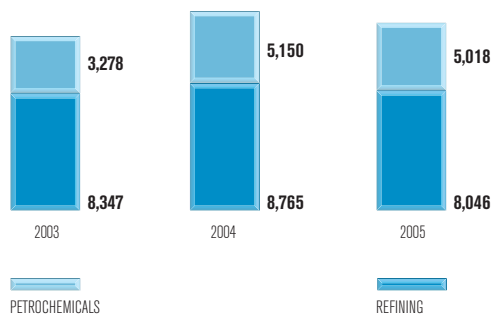
Water consumption in Refining, by plant

Thousands of cubic metres



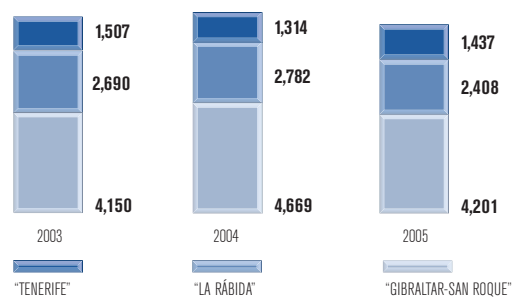
Volume of controlled water discharge, by business activity

Thousands of cubic metres



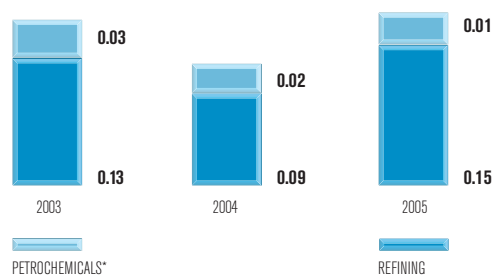
Water discharge in Refining, by plant

Thousands of cubic metres



Oil and grease emissions

Thousands of tons



(*) Excluding INTERQUISA Canada, from which discharges are collected, and PETRESA Canada, which has zero discharges

Water consumption in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	283	278	421
PETRESA Canada	15	9	12
INTERQUISA San Roque	5,593	6,440	6,816
INTERQUISA Canada	676*	2,826	2,717
ERTISA	3,359	3,234	3,586
DETEN	1,303	1,276	1,263

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

Water consumption in Marketing and Logistics, by company

Thousands of cubic metres

	2003	2004	2005
Energy subsidiaries	0.01	0.52	0.54
PROAS	22.80	38.89	29.90
PETROCAN	1.59	1.65	4.65
EESS	*	4.08	2.91
CMD and CEPSA Aviación	11.55	6.69	17.51
CEPSA Portuguesa	4.00	21.64	10.28
CEPSA Gas Licuado	10.38	24.87	30.11
CEDIPSA	*	4.08	1.61
ATLAS	3.20	3.49	1.75

(*) No data available for 2003

Controlled discharge management

All CEPSA's production centres have industrial effluent treatment plants to ensure correct, non-contaminating discharge, as required by prevailing legislation. Analyses are performed at all plants to certify that discharges are within the established limits.

Volume of controlled discharges

During 2005 there was a decrease in the volume of water discharged into the environment, largely due to targets set for the reuse of water.

The most notable results have been achieved in the Refining area, in which the global reduction reached 8.2%. The “Gibraltar-San Roque” refinery has reduced the volume of water it discharges into the environment by 10% compared to 2004, while the “La Rábida” refinery has achieved a 13.4% decrease for the same period. The volume of controlled discharge at the “Tenerife” refinery, however, has increased by 9.4%.

Effluent quality

Despite efforts in 2005, no significant reduction has been achieved in the level of contamination of the discharges generated by CEPESA's activities. Improving the effluent treatment systems in the different Refining installations was set as an objective for 2005. The actions implemented notably include the project to adapt the industrial effluent treatment plant at the “Tenerife” refinery.

Discharges in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	171	150	174
PETRESA Canada	1.36	1.39	1.35
INTERQUISA San Roque	1,452	1,757	1,779
INTERQUISA Canada	762*	2,460	2,201
ERTISA	784	694	797
DETEN	108	87	66

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

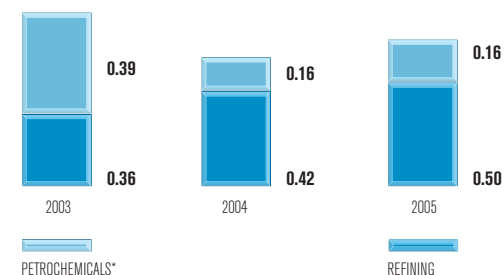
Waste management

The most significant reduction in hazardous waste production has been achieved in the Petrochemicals area, where the downward trend of the last three years continues, resulting in a 44% decrease in 2005.

In Refining, there was a slight increase in the generation of hazardous waste in 2005 as a result of the greater production of sludge and metal shot in the “La Rábida” refinery.

Total organic carbon

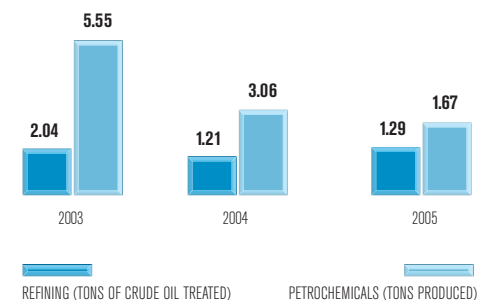
Thousands of tons



(*) Excluding INTERQUISA Canada, from which discharges are collected, and PETRESA Canada, which has zero discharges

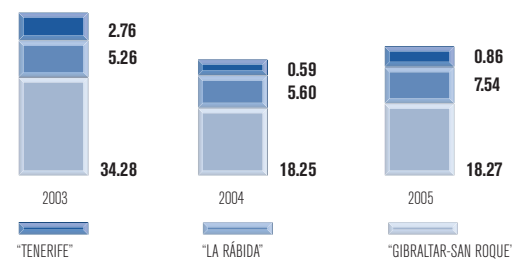
Hazardous waste generated

Kg per production unit or crude oil treated



Hazardous waste in Refining, by plant

Thousands of tons



NEW TECHNOLOGIES APPLIED IN EXPLORATION AND PRODUCTION

During 2005, a programme was implemented at the Ourhoud oil field to restore and recover the perforation waste storage pools through application of "Thermal Phase Separation" technology. This technique entails using high temperatures to recover or destroy materials contaminated with hydrocarbons, such as those typically generated in perforation work. This is one of the most efficient treatments for the elimination of organic compounds, while it also reduces the volume and mobility of metals and salts.

This technique will be used in Ourhoud to treat 35,000 m³ of perforation waste during the next two years.

Hazardous waste in Petrochemicals, by company

Thousands of tons

	2003	2004	2005
PETRESA San Roque	0.36	0.49	0.09
PETRESA Canada	0.05	0.01	0.03
INTERQUISA San Roque	19.57	6.87	5.04
INTERQUISA Canada	0.79*	5.35	1.61
ERTISA	0.27	0.40	0.43
DETEN	0.12	0.02	0.18

(*) Non-representative data, INTERQUISA Canada commenced operations in August 2003

Reuse and generating value from waste

One of the areas on which CEPSPA concentrates in waste management is the reuse and generation of value from waste to decrease environmental impact. In 2005 in Refining, the "Gibraltar-San Roque" refinery generated value from 87% of the sludge produced and was able to reuse 1.14% of the catalysts. The "La Rábida" refinery used 1.5 million tons of secondary raw materials or by-products from other processes in 2005.

In Petrochemicals, ERTISA generated value from 23% of total hazardous waste produced in 2005.

Impact of product transportation

CEPSA places great importance on the impact of its activities in all fields and the possible impact on the environment of the transportation of CEPSPA products.

CEPSA markets its products through an extensive network of outlets located throughout Spain. Supplies are transported by rail, road and sea, endeavouring to optimise routes and prevent accidents and the consequent effects.

Gas emissions

The gas emissions recorded include fuel consumption relating to the transportation of products by road, both in CEPSPA vehicles and contracted vehicles.

Road transport emissions*

	Emission
CO ₂	85,000
NO _x	1,300
CO	660
SO ₂	2.6
Particles	130
VOCs	240
Total	87,333

(*) Calculation based on data from energy subsidiaries, CEPSA Portuguesa, PROAS, INTERQUISA San Roque, ATLAS, CEPSA Gas Licuado, PETROCEPSA, Distribution, CEPSA Aviación, CEDIPSA and CECOMASA

2005 accident rate*

	Road	Rail
Total accidents per No. of deliveries	4.38 x 10 ⁻⁵	0
Environmentally significant accidents per No. of deliveries	2.66 x 10 ⁻⁶	0

(*) The rate denotes the number of accidents/number of deliveries made. Road/rail data for INTERQUISA Canada and PETRESA are not included

Road transport is the means most often used by CEPSA for the transportation of its products and this method therefore accounts for a greater part of total emissions caused by transport.

Accidents

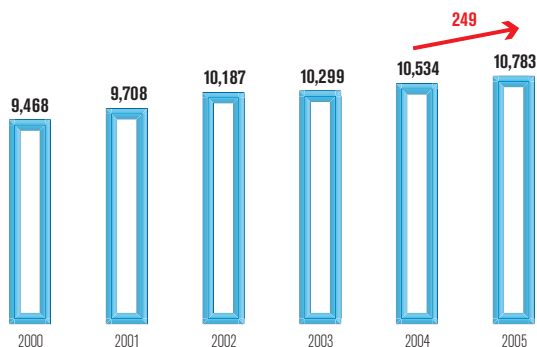
Accidents are one of the main potential impacts on the environment that could result from product transportation. CEPSA has strict procedures in place to prevent and minimise the impact of any accidents occurring and to take appropriate measures to restore the affected environment. During 2005 two serious road accidents occurred in a total of 90,537,781 kilometres covered.

Two serious accidents have also occurred in sea transport, one of which was classed as a high environmental impact accident. The sea transport indicator is not included as not all the necessary data are available.



Company Head Office in Madrid

Number of employees



CEPSA, focused on its people

CEPSA employees are the most important asset to achieving our business goals. The Company has established policies, procedures and systems underpinning its commitment to attract new professionals to help meet its objectives.

CEPSA places particular emphasis on health and safety in the workplace and has implemented various procedures, training programs and monitoring systems in this respect.

Personnel management in CEPSA¹⁵

The selection and incorporation process and the promotion of continual training and personnel development are the responsibility of the human resource general manager, who establishes personnel policies and systems that are best adapted to Company strategy.

The most important responsibility of Human Resources is to offer training and development possibilities to CEPSA employees (both on a personal and professional level), improve communication between management and the rest of the workforce and to design and implement reward systems to ensure internal equality.

(15) Human Resource data from the companies GESTMANILVA, S.L. and GESTVILAR 2003, S.A. has not been reported, as these companies have no system to adequately recognise these. This information will be included in the Sustainability Report for 2006.



CEPSA personnel in Portugal

Current workforce

	2005	2004	2003
Number of employees	10,783	10,534	10,299
% of international employees	9.05	9.40	9.05
Average age	41	40	40
Average length of service	11	12	13

Workforce distribution by gender

Gender	Number	%
Men	7,597	70.45
Women	3,186	29.55
Total	10,783	100

Workforce distribution by category and gender

Professional category	Men	Women
Management and department heads	625	57
Expert technicians	1,180	254
Technicians	1,288	340
Specialists	4,155	2,172
Assistants	349	363
Total	7,597	3,186

Current workforce distribution by area of activity

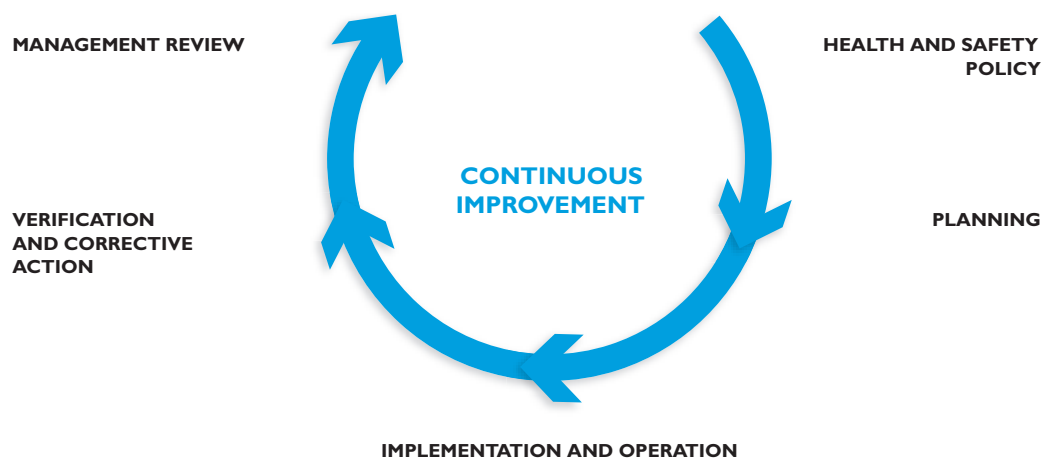
	2005		2004		2003	
	Employees	%	Employees	%	Employees	%
Petroleum	8,105	75.16	8,235	78.18	8,129	78.93
Petrochemicals	1,575	14.61	1,531	14.53	1,515	14.71
Other	1,103	10.23	768	7.29	655	6.36
Total workforce	10,783	100	10,534	100	10,299	100

Employee health and safety¹⁶

The prevention of occupational and industrial risks in CEPSA is managed through a process of continuous improvement, taking the International Safety Rating System (ISRS) as a point of reference.

(16) Health and Safety data from international offices and CEPSA Panama, ECANSA and AMARCO has not been reported, as these companies do not have a system to report this data.

Health and Safety in the CEPSA workplace



Health and safety policies

CEPSA has a specific health and safety policy, which is reviewed every four years. This is a global framework for the organisation and demonstrates CEPSA's commitment to the health and safety of its employees, customers, the service companies at its installations and the general public.

The P.A.S.C.A.L. committee, presided over by the General Technical Manager, channels and proposes environmental, security, health and quality objectives to the Company's Senior Management level and assesses the implementation of policies in these areas.

All CEPSA personnel are made aware of these policies, which are available to interested parties.

Health and safety priorities

CEPSA sets annual health and safety objectives. To reduce the number of accidents leading to employee absence (own personnel and contracted services) is an objective for all employees with variable remuneration. This became a corporate objective (promoted by management) for the first time in 2002 as part of a plan to improve CEPSA safety management. In the first phase of this plan, such accidents were reduced by 35% in 3 years.

In 2005 CEPSA's objective was to reduce the frequency of accidents leading to employee absence (own employees and contracted services) to 8.16, which it comfortably achieved with an actual index score of 7.90. The objective for 2006 is to reduce this further to 7.30.

In 2005, CEPSA made obtaining the OSHAS 18001¹⁷ certification an objective for all centres covered by Seveso¹⁸ legislation, in order to reinforce management systems for accident prevention and safety in the workplace in its industrial centres (which are audited each year by third parties). This target has been almost entirely met and has been applied to other CEPSA companies such as the non-European subsidiaries.

CEPSA investigates and analyses all accidents and incidents, taking the necessary corrective and preventative measures and, subsequently, evaluating possible similar situations in order to avoid future recurrence.

(17) The CEPSA OSHAS 18001 certificates can be viewed on www.cepsa.com/The company/Corporate information/Sustainability report.

(18) SEVESO: European Council directive 96/82/CE of 9 December 1996 on the control of major-accident hazards involving dangerous substances.

CEPSA MEDICAL SERVICE ACTIVITIES IN RESPECT OF HIV

CEPSA Medical services do not carry out systematic HIV tests as part of employees' periodic medical check-ups. Nevertheless, if further medical tests in respect of HIV are required as a result of these check-ups, the Company would request a patient "Consent Form" from the employee, similar to that required when a Life Insurance Policy is contracted.

An evaluation of employee risks is particularly important in order to provide appropriate employee check-ups. The Company therefore promotes annual health programs for all employees, including non-work related pathologies and first aid courses in respect of preventing the spread of HIV.

DECISION MAKING AND HEALTH AND SAFETY STRUCTURE AND SUPERVISION IN CEPSA

Corporate safety management comes under the Environment, Protection, Safety & Quality committee (PA.S.CAL) - one of the five management teams which report to Technical General Management, which in turn reports to the Chairman and the Managing Director of CEPSA.

The PA.S.CAL Committee periodically reviews occupational health and safety systems based on the results of a level of implementation analysis, promoting continuous improvement and ensuring the identification, evaluation and control of risks to adapt the systems to CEPSA personnel work environment requirements.

CEPSA also has PA.S.CAL departments in its different centres and business units, as well as health and safety committees present in all work centres with more than fifty employees. In smaller centres there are delegated health and safety officers who carry out the role of these committees.

Finally, the Executive Management Committee is responsible for establishing health and safety policies and ensuring compliance with legislation, standards, policies and procedures.

CEPSA carries out annual internal and external audits to verify compliance with legal requirements and internal regulations.

Health and safety management

The Company focuses its efforts on two inseparable elements: occupational health and safety and industrial safety.

CEPSA has an Occupational Health and Safety Management System (SGSS) established in accordance with international standard OHSAS 18001: 1999 specifications.

This System consists of the prevention, elimination or minimisation of personnel and environmental risks. This is applied throughout the entire company and is reviewed every time the international specification OHSAS 18001 is modified or there are significant changes to the codes, standards, procedures, specifications or Health and Safety Policy of CEPSE.

Health and Safety Training and Information

CEPSA places special emphasis on training as a means of improving health and safety, due to the nature of the activities carried out in its production centres.

CEPSA endeavours to make employees aware of the importance of safety in the workplace, providing training and information on the particular risks of activities carried out and the steps required to eliminate or mitigate these risks. This is particularly relevant to technical personnel (operators, maintenance heads, production supervisors and engineers). Safety training figures for 2004 are particularly high as a result of the Company's efforts to reinforce safety awareness among refinery technicians and at petrochemical plants. To this end, CEPSE decided to train a large number of employees to Expert in the Prevention of Occupational Risks standard while also giving basic training courses in Safety in the Workplace to the majority of plant employees.

Employees are continuously updated on detected risks, and the main tools used in this area are risk evaluation in the workplace, specific refresher courses, information on chemical products handled, appropriate labelling of work areas, analysis and planning of critical tasks, preventative observations of supervisors and the performance of emergency drills as the main tools used in this respect.

Subcontracted service personnel are informed of the specific risks of CEPSE installations and its products. Risks associated with activities are analysed before these are carried out taking into account the sequence of tasks. Safety conditions are established once work has commenced, through specific permits, and are maintained throughout the duration of the activity. Outsourced service personnel are informed of these procedures.

Safety Training

	2005	2004	2003
Safety training (hours)	52,027	159,067	47,091
Attendees (number of people)	7,246	6,424	4,714
Fire-fighting training (hours)	17,802	24,478	11,891
Attendees (number of people)	4,120	4,243	3,900

Accidents

In 2005 there was a substantial decrease in accident levels, both in terms of accident frequency and seriousness. This reduction is not limited to ratios but also includes the number of accidents in absolute terms, which continued to fall during 2005.

Work absenteeism was down in 2005.

Tragically, in 2005 there was a fatal accident 'on location' (carrying out company work) and another employee died as a result of a heart attack in the workplace.

Own employees accident/absenteeism levels

	2005	2004	2003
Number of work accidents	167	179	193
Frequency of accidents level ¹	8.58	9.58	10.83
Seriousness of accidents level ²	0.8	0.59	0.21
Common illness absenteeism levels ³ (%)	3.58	3.60	3.31
Work absenteeism ⁴ (%)	4.66	5.09	4.69

(1) Number of accidents leading to employee absence per million hours worked.

(2) Number of working days lost to accidents per thousand hours worked.

(3) Number of working hours lost due to common illness.

(4) Number of working hours lost per theoretical annual working day.

(*) Absenteeism data of companies with head offices in Spain.

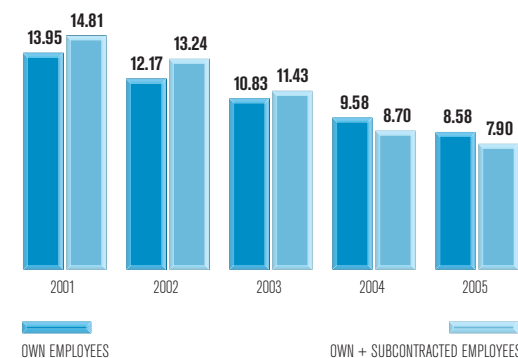
INSTALLATION SAFETY

Given the importance of its industrial activities, CEPSA pays maximum attention to maintaining the integrity of its installations throughout their life cycle and aims to incorporate the best techniques and practice known. Industrial risk management is based on safety studies for existing or new industrial installation on areas in which accidents may occur and those in which raw materials or hazardous products are loaded, unloaded or handled as part of the Company's activity.

Risk evaluations give rise to safety recommendations, which lead to preventative measures to be implemented and enforced in the different centres. Subsequently, verification audits are undertaken to ensure that the preventative measures have been carried out.

Accident frequency rate

Accident frequency



TRAINING SCHEMES AND PROGRAMMES

CEPSA provides individualised Annual Professional Development Training Schemes and Programmes to increase the professional capabilities of its workforce, develop skills and technical and specific area knowledge and raise awareness of safety, quality and environmental issues.

CEPSA uses internal and subcontracted training professionals to provide training about the Company, to develop professional skills, sales and negotiation techniques and language instruction. Where required, employees may also attend courses abroad.

Seriousness and frequency of accidents of own employees

	Level of seriousness			Level of frequency		
	2005	2004	2003	2005	2004	2003
Refining	0.40	2.20	0.48	2.85	2.26	6.57
Petrochemicals	0.06	0.17	0.16	1.97	4.98	9.18
COASHIQ	0.26	0.34	0.35	9.17	10.56	10.91

COASHIQ: Autonomous Safety and Hygiene Commission for Chemical Industries and Similar

Professional training and Development

Training

Training personnel is a strategic priority for CEPSA. The achievement of business targets requires motivated professionals who are able to solve problems.

CEPSA considers that all work positions should be covered by professionals who are adapted to the permanent changes technology and quality demand of today's employees. Accordingly, it is CEPSA's intention to provide its workforce with the necessary knowledge to adequately carry out the Company's plans. These actions are materialised in Annual Training Plans which are reviewed annually and include all CEPSA company employees.

Professional development

The Company aims to attract and retain the best professionals, offering incentives to keep them in the Company. There is also particular emphasis on internal promotion to cover positions that become vacant.

Despite employee restructuring plans carried out as a result of growth or strategic orientation evolution, CEPSA has never had to resort to government-approved official employee restructuring plans, nor has it enforced redundancies.

Departures 2005*

Cause	CEPSA
Forced leave of absence	12
Voluntary leave of absence	17
End of contract	189
Resignation	179
Death	14
Permanent disability	28
Retirement	47
Dismissal	91
Other reasons	93
Total	670

Incorporations and readmissions 2005*

Cause	Number
New appointment	738
End of leave of absence	14
End of temporary disability leave	4
Other readmissions	92
Total	848

(*) Incorporation and departure data for the company CEDIPSA (100% CEPSA) is not included given the seasonal nature of its activity, namely the operation and installation of service stations.

Salaries

Employee remuneration is a crucial factor in making the CEPSA project attractive to its professionals. CEPSA carries out a periodic comparison of remuneration offered in its sector and local environment in order to remain competitive with other companies in the sector.

Fixed and variable remuneration

Category	Applied formula
Senior and Middle Management	Fixed Individual Remuneration. Variable Remuneration based on meeting targets.
Rest of workforce	Industrial Group Fixed Remuneration in accordance with salary scales. Variable Remuneration based on Company/Centre results and professional performance evaluation. Commercial Group Fixed Individual Remuneration. Variable Remuneration based on meeting targets or professional performance evaluation.

CEPSA has a variable remuneration plus incentives policy to integrate employee objectives with those of the Company. Variable remuneration may be determined by attaining the goals of the Company, its subsidiaries or its production centres or by meeting personnel performance targets.

CEPSA provides employees on maternity leave with additional benefits to those received from the Social Security, as a result of the collective negotiations in which it actively participates. CEPSA also grants these employees additional benefits, both pre-natal and on their return to work, such as paid leave to attend pre-natal check-ups and classes, external consultations and primary care.

Dialogue and confidence, the premise of CEPSA personal relationships

Collective negotiation

CEPSA policy is in keeping with the Fundamental Principles of the International Labour Office, as can be seen by the level of union representation in CEPSA. The fact that no work hours were lost to labour disputes in 2005 is also noteworthy.

The freedom of association to Unions is a carefully respected right within the Company. Almost 90% of the workforce is represented by a plural and democratically elected body, in accordance with the local legislation of each company's country. The right to participate, campaign and to hold secret ballots is respected in union representative elections. The Company also provides sufficient resources and work-time for voting and special protection for both the representatives elected and those leaving their posts.

44% of the workforce comes under Collective Labour Agreements, which are negotiated directly by employee-elected representatives. The remaining employees are covered by agreements outwith the Company's jurisdiction, where representations are determined indirectly, albeit with union participation. CEPSA participates indirectly in negotiations of the Service Station and Chemical Industry sector Collective Labour Agreements through its sponsored organisations (which cover another 45% of its workforce in Spain). The agreements, which are overseen by the labour authorities, ensure compliance with the minimum legal requirements and the fundamental rights and freedom of employees.

CEPSA considers dialogue of vital importance in harmonising labour interests. This has allowed the Company to establish a labour relations model based on dialogue and confidence.

The Collective Labour Agreements applicable to CEPSA, both on a company and sector level, establish specific disciplinary procedures regarding the investigation of events which allegedly constitute a work-related infringement. In the event of disciplinary measures being taken, the Company ensures that an employee representative is present to guarantee the defence of the employee's rights. These procedures are subject to the presumption of innocence, respect of the employee and the absence of discrimination on any level.

Distribution of workforce by collective labour agreement

Collective Environment	Spanish companies			Foreign companies			Total	
	Number	Workforce	%	Number	Workforce	%	Workforce	%
Company	11	4,318	44.03	1	154	15.78	4,472	41.47
Service Stations	7	4,120	42.01	1	319	32.68	4,439	41.17
Chemical Industry	2	268	2.73	2	396	40.57	664	6.16
Commerce	22	650	6.63	1	7	0.72	657	6.09
Offices	4	269	2.74	0	0	0	269	2.49
Other	4	131	1.34	0	0	0	131	1.21
No Collective Reference	2	51	0.52	5	100	10.25	151	1.40
Total	52	9,807	100	10	976	100	10,783	100

Distribution of current workforce by union representation

	2005		2004		2003	
	People	%	People	%	People	%
With Representation	9,580	88.84	9,485	90.04	9,476	92.01
Without Representation	1,203	11.16	1,049	9.96	823	7.99
Total	10,783	100	10,534	100	10,299	100



“In the rain” (“Bajo la lluvia”). CEPSA digital photography competition

CEPSA, a collective project

CEPSA employees take an active role in the Company’s business project and contribute their own ideas, suggestions and opinions in this respect.

In accordance with prevailing legislation, employees have the right to know and participate in risk prevention matters. CEPSA consults delegates on matters of Occupational Health and Safety Policies and Objectives, Work Planning and Organisation and New Technologies.

CEPSA uses different media such as intranet and suggestion boxes to inform and remain in contact with its professionals regarding different matters such as quality, environmental issues, production processes or the contribution of ideas. CEPSA keeps its employees regularly updated on the general performance of the Company, its results and its activities.

To stimulate active participation in suggesting improvements, CEPSA has introduced prizes for improvement ideas which are put into practice. In 2005 this prize was awarded to two ERTISA employees who submitted a proposal entitled “Adaptation of the Despatch Area Drainage Network” aiming to prevent contaminated water from the despatch area (loading and unloading product area) from reaching the clean water supply.

There is considerable tradition and culture of association amongst CEPSA employees, both during their professional careers and in retirement. There are private associations in work centres which promote cultural, sports, leisure and social activities. One of the main exponents of this culture are the annual Company Games, at which both current and retired personnel of the Company and Group centres participate in different sporting activities. In 2005 these Games (now in their twentieth year) were held in the Campo de Gibraltar.

Initiatives have also been taken to promote a feeling of belonging amongst CEPSA’s employees. An example of this is the “First Digital Photography Competition” in which all Company employees were eligible to participate. This initiative consisted of gathering images created by employees using CEPSA’s own installations, environment, activities and personnel as the subject. This first competition took place between December 2005 and January 2006, with 250 photographs submitted from locations in which CEPSA is present, including Portugal and Brazil.

Work Life Balance

CEPSA attaches great importance to the rational organisation of work and the balance between work and family life, and to its provision of special economic and social cover in certain situations including retirement, disability or death.

There has been a notable rise in the number of CEPSA employees enjoying part-time contracts, now 4%.

Employees by type of contract

	2005 Spain		2004 Spain + International		2003 Spain + International	
	Employees	%	Employees	%	Employees	%
Full-Time	9,412	96	10,206	96.89	10,093	98.00
Part-Time	395	4	328	3.11	206	2.00
Total employees	9,807	100	10,534	100	10,299	100

Current employees by type of contract

	2005		2004		2003	
	Employees	%	Employees	%	Employees	%
Permanent Contract	9,151	84.87	8,931	84.78	8,825	85.69
Temporary Contract	1,632	15.13	1,603	15.22	1,474	14.31
Total employees	10,783	100	10,534	100	10,299	100

CEPSA offers its employees leaves of absence and permission to attend to the needs of their children and family members. This has been included in the collective labour agreements to promote awareness and use.

The Company pays special attention to maternity leave, ensuring that a specific section is included in companies' Collective Labour Agreements where it is actively involved in their negotiation. Spanish companies' risk evaluations include an analysis of exposure of employees who are pregnant to risk, enabling companies to take measures to mitigate any risks.

CEPSA employees enjoy the advantage of a flexible timetable, with the possibility of working flexi-time, to enable them to attend to personal matters such as medical visits and administrative tasks without any need for justification.

COMMITMENT TO A HEALTHY WORKING ENVIRONMENT

CEPSA rejects sexual harassment or mobbing in the workplace and takes necessary measures against offenders. The Company plans to develop a specific protocol in 2006, to combat and eradicate any form of harassment more efficiently.

Psychosocial risk evaluations are carried out and employee absenteeism and satisfaction rates are regularly analysed to detect possible areas for improvement.

Company Benefits

Health

CEPSA has a wide range of resources, activities and practices assigned to look after its employees' health. The Company assumes full responsibility, under the umbrella of its own prevention services, for the specialty of Health Surveillance.

Medical services at work centres not only carry out obligatory medical check-ups but also provide medical attention on the premises and dispense medicines with official prescriptions through agreements with the Social Security authorities. Through its association with one of the leading national medical insurance companies, CEPSA is able to supplement and improve treatments for illnesses and rehabilitation to ensure physical and psychological recovery. Economic assistance is also available for medical tests to diagnose illnesses.

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 study abroad. The Company also provides special assistance to finance the costs of re-education and integration of children with physical or psychological disabilities.

Retirement

As part of its Human Resources Management, CEPSA's retirement policy covers employees' transition from professional activity to retirement, making way for new generations.

The policy is aimed at extending working lives until ordinary retirement age, favouring the culmination of the professional careers of fully matured employees with maximum experience and specialisation.

Mechanisms are in place for transferring the knowledge of retired employees to new generations. New personnel is therefore integrated quickly and the added value obtained from ongoing job development and full realisation of professional careers is optimised.

CEPSA's retirement policy also facilitates the early retirement of personnel who have experienced more difficult conditions during their career. Employees who have worked rotating shifts for more than thirty-two years benefit from early retirement in accordance with CEPSA's 1994 collective labour agreement.

As required by law, CEPSA has externalised pension plans for working and retired employees. These "employment system" pension plans cover all the employees of the companies promoting the plans.

In 2005 the CEPSA Group's Pensions Fund received the IPE prize for "Best Pension Fund in Spain in 2005", awarded by the specialised magazine "Investments & Pensions Europe". The jury praised CEPSA's fund for its investment policy and high returns, achieved consistently and without raising the low risk profile. The net profitability of CEPSA's pensions fund, which has 5,375 participants, was 12.66% in 2005. The fund had equity of €255 million at 31 December 2005.

Assistance for disadvantaged groups

CEPSA helps people from marginalised social or labour groups gain access to the employment market, with 1% of its employees subject to over 33% disability. CEPSA has entered collaboration agreements with Special Work Centres, at which most employees have some level of disability.

Other initiatives in the employment field

- Contracts promoting full and part-time employment:
 - Unemployed women between 16 and 45.
 - Unemployed men between 16 and 30.
 - Unemployed persons registered with the labour office for over 6 months.
- Conversion of temporary into permanent contracts:
 - Temporary contracts.
 - Internships.
- Contracts for the unemployed disabled
 - Initial permanent contract.
 - Temporary contract.
 - Partial Retirement and Relief Contracts.

PROMOTION OF WORK LOCAL ASSOCIATION

The first 'Premios al Valor Social' ceremony (awards honouring Social Development Projects) was held in Huelva in 2005. This initiative was established through CEPSA's social commitments and programmes to try to recognise the work carried out by different Associations, NGOs and Institutions whilst simultaneously awarding those programmes and social initiatives that make economic contributions to the development and implementation of innovative and successful social programmes.

Furthermore, projects nominated for awards can only be considered if they are sponsored by CEPSA personnel or employees of contracted companies. In this way the Company actively promotes social altruism amongst its employees.

More than 50 projects of exceptional quality were submitted for valuation for the 2005 awards. First prize was awarded to the 'Resurgir' Association for a project titled 'Economato Social Subsidiado' and 'ASPACEHU' (Association for Citizens of Huelva suffering from cerebral paralysis) for a project to create and start-up a sensory-motor stimulation room. Both of these projects were presented by ERTISA employees, "La Rábida" refinery and personnel from contracted companies.

CEPSA, part of the community

Social policy guidelines¹⁹

CEPSA considers that knowledge of the area in which it operates is key to establishing flexible and stable long-term relationships. Consequently, the Company collaborates with different entities, experts and institutions to develop and support numerous social, cultural, environmental and sports initiatives to which it earmarked over Euros 2 million last year.

Social projects undertaken to improve quality of life

The social projects in which CEPSA participates have a common purpose: to improve the quality of life of the different communities in which the Company operates, and to promote development and growth. Some of the projects aim to direct economic resources to specific social groups established as priorities. As is the case for example with DETEN Química (Brazil) where profits from the collection and selective sale of scrap iron have been donated to six charities and one school to support the 'mãos na terra' project which is involved in building small gardens that are used to teach school children how to care for the environment. In other projects, CEPSA Portugal donates petrol to the 'Banco alimentar contra a fome' in order to support the campaign for the collection and distribution of food to underprivileged people.

Active participation in the development of the community requires that programmes be directed towards improving the economy of the area, and, more specifically, the quality of life of those that

(19) See social responsibility plan at www.cepsa.com / The company / Corporate information / Sustainability report

live there. In Colombia for example, programmes are underway that are directed specifically at the agriculture and livestock industry. They involve technical training and aim to improve production levels. Also in Colombia, CEPESA has collaborated in developing fishery and extensive livestock projects.

Environmental conservation

CEPSA is increasingly aware of conservation and environmental matters. The Company knows its functions in an environmentally sensitive sector and therefore collaborates in projects within the areas where it operates, aimed at protecting the environment and educating young people in how to care for it.

Continuing with the initiatives that CEPESA takes in natural locations around the “La Rábida” refinery (Huelva), in 2005 the Company and the Andalusia regional government environmental department supported the presentation of a project designed to protect the environment and encourage public use of the Huelvan wetlands to the European LIFE programme. A decision will be taken as to whether the project is accepted in 2006. The aim of this project is to renovate the lagoon network comprising Palos y Las Madres, Estero Domingo Rubio and Ribera del Tinto. CEPESA has also continued to perform research, development and public use projects in collaboration with the Environmental Department in the Primera de Palos lagoon region.



Botanical route information at the Primera de Palos lagoon

EDUCATING YOUNG PEOPLE

The 'Premio Joven Transformador' (youth working for change award) is a competition promoted by DETEN Química (Brazil) involving students between the ages of 13 and 14 from different schools in the regions of Camaçari, Salvador, Maragogipe and Porto Seguro. Students are invited to identify and propose solutions to resolve local problems related to water. This initiative could be used by the local government if it decides to develop the Urban Management Scheme.



A chameleon in its natural habitat (Cadiz province)

EDUCATION AND ROAD SAFETY COURSES

In order to educate young people about matters of safety and social responsibility, CEPESA is involved in a programme to instruct and train young people about road safety that is held in schools, education centres and town halls in Andalusia. During 2005 almost 14,000 students benefited from this training programme which is directed at young people with motorbikes between the ages of 14 and 18. As well as practical training, the programme emphasised the importance of wearing a helmet and gloves and driving in optimum physical conditions, insisting that driving is not compatible with drug or alcohol consumption. A total of 497 hours of classes were provided to 27 towns in Andalusia.

CEPSA sees supporting local projects designed to preserve natural areas and protect the fauna inhabiting them as a fundamental means to favouring evolution of the ecosystem. In this sense, among other projects, CEPESA works in conjunction with the Chipiona council (Cadiz) to create a centre for nature studies ('Centro de Interpretación de la Naturaleza') dedicated to the study of chameleons, and has sponsored the perdicera eagle through the magazine 'Red Life'. This project aims to improve information about fauna and to educate society about the need to protect the environment that surrounds us.

Culture and education

CEPSA helps to preserve culture and popular heritage whilst promoting education for all through its support of cultural, educational and scientific projects.

The Company helps to conserve local traditions and identity through sponsoring the Canary Islands Music Festival and the Matosinhos Jazz Festival in Portugal. Furthermore, the Company continues to support projects designed to spread cultural appreciation through sponsoring exhibitions, such as that of the painter Emilio Díaz Cantelar from Seville, and also helps to conserve artistic heritage through its involvement in restoring the 18th century pictorial works of the La Rábida monastery in Huelva. CEPESA also supports young people with a talent for music through the Portuguese Company's encouragement of young soloists and promotion of international exchange via its collaboration with the Youth Symphonic Orchestra.

CEPSA considers that training is a vital component of social progress and development. It is involved in important academic projects in collaboration with different universities covering issues regarding the area it operates in, such as a course on biofuels given by the International University in Andalusia for students studying technology degrees and professionals interested in finding out about the issues involved in energy consumption and the alternatives offered by biofuels. CEPSA also sponsors a chair at the Madrid Escuela Técnica Superior de Ingenieros de Minas (Engineering Faculty) that promotes training in fields related to energy, oil and the environment. The Company provides practical training for all these projects at its different centres and it offers student scholarships. 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.

In science, CEPSA promotes research projects in collaboration with regional centres from the Sociological Research Board (CISC) and Spanish universities. Several of these projects are focused on continuing to improve information regarding the active ingredients of detergents currently in use, such as LAS (linear alkylbenzene sulphonate) and other biodegradable tensoactive raw materials.

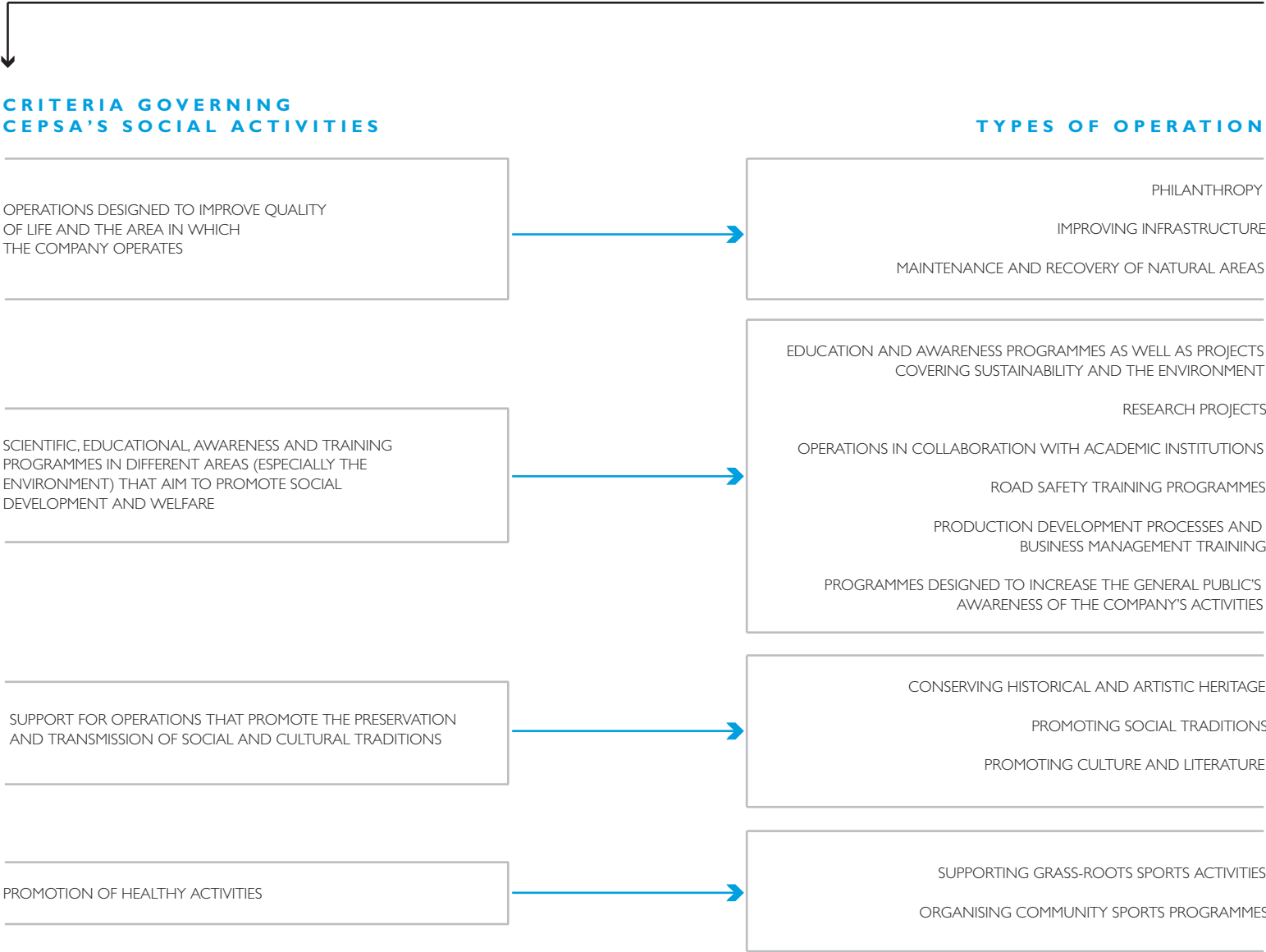
Grassroots sport

CEPSA supports grass-roots sports activities in the areas where it operates through local sports clubs and centres. For example, the “Gibraltar-San Roque” refinery in Gibraltar sponsors the Open Youth Football Championship, whilst the “La Rábida” refinery promotes grass-roots football and education through the Recre Foundation. The Company also organises and supports different contests and competitions for the general public, such as a football championship involving various communities in Colombia. CEPSA also organised a mountain biking event in the Doñana national park buffer zone in Huelva from which all proceeds went to social support group.



Poster for the sponsorship of the Portuguese Youth Symphony Orchestra

CEPSA MAKES EVERY EFFORT TO ESTABLISH LASTING COLLABORATION RELATIONSHIPS THAT BENEFIT BOTH THE COMPANY
AND THE COMMUNITY IN WHICH IT OPERATE



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REPORT PROFILE			
2.17 Decisions not to apply GRI principles or protocols		Scope	4-5
2.18 Criteria/definitions used in any accounting for economic, environmental, and social costs		Scope	4-5

(*) The GC column indicators relate to the Global Compact principles

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
2.19 Significant changes	Scope		4-5
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report	Scope		4-5
2.21 Policy and current practice for the full report	Scope		4-5
2.22 Means by which report users can obtain additional information	Scope		5
GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS			
3.1 Governance structure		Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	25-26
3.2 Percentage of the board of directors that are independent, non-executive directors		Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	25
3.3 Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities		Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	26-27
3.4 Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities		Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	26-27
3.5 Linkage between executive compensation and achievement of the organisation's financial and non-financial goals		CEPSA, focused on its people	93-94
3.6 Organisational structure		Profile	18
3.7 Mission and values statements, internally developed codes of conduct or principles		Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	23-24
3.8 Mechanisms for shareholders to provide recommendations		Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	30

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
COMMITMENT TO STAKEHOLDERS			
3.9 Basis for identification and selection of major stakeholders		CEPSA, creating value for the environment Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	29-31
3.10 Approaches to stakeholder consultation		CEPSA, creating value for the environment Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	34-39 29-31
3.11 Type of information generated by stakeholder consultations		CEPSA, creating value for the environment Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	29-31, 34-39
3.12 Use of information resulting from stakeholder engagements		CEPSA, creating value for the environment Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	34-39 29-31
GLOBAL POLICIES AND MANAGEMENT SYSTEMS			
3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	•	Product safety at CEPSA	61-65
3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses		Social responsibility programme (www.cepsa.com / The company / Corporate information)	
3.15 Principal memberships in national and international Industry and Business Associations		Efficiency in operations Social responsibility programme (www.cepsa.com / The company / Corporate information) CEPSA, focused on its people	71 96
3.16 Policies and/or Systems for managing upstream and downstream impacts		CEPSA and the continuous supply of energy Production centres and the environment Product safety at CEPSA Efficiency in operations CEPSA, part of the community	47 55, 60 62 76 101-102
3.17 Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities		Profile Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance CEPSA, creating value for the environment CEPSA and Greenhouse Gases Efficiency in operations Production centres and the environment	17 23-29 34-35 52 72 56, 58, 60

GC GRI INDEX / GLOBAL COMPACT

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
3.18 Major decisions during the reporting period regarding the location of, or changes in, operations		Scope	4-5
3.19 Programmes and procedures pertaining to economic, environmental, and social matters		Efficiency in operations CEPSA, focused on its people CEPSA, part of the community	76, 78-79, 84 89, 92, 98-99, 100-102
3.20 Status of certification pertaining to economic, environmental, and social management systems		Quality control, environment and safety in the workplace certification (www.cepsa.com / The company / Corporate information)	

ENVIRONMENTAL PERFORMANCE INDICATORS

MATERIALS

EN1 Total materials use other than water, by type	•	Efficiency in operations	77
EN2 Percentage of materials used that are wastes from external sources	•	Efficiency in operations	77

ENERGY

EN3 Direct energy use segmented by primary source (in joules)	•	Efficiency in operations	76-78
EN4 Indirect energy use (in joules)	•	Efficiency in operations	76-78
EN17 Initiatives to use renewable energy sources and to increase energy efficiency		CEPSA and the continuous supply of energy CEPSA and Greenhouse Gases Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	48 50 28
EN18 Energy consumption footprint		Efficiency in operations	76-78

WATER

EN5 Total water use	•	Efficiency in operations	81, 82
EN21 Annual withdrawals of ground and surface water		Production centres and the environment	59

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
BIODIVERSITY			
EN6 Location and size of land owned, leased, or managed in biodiversity-rich habitats	•	Production centres and the environment	58-59
EN7 Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments	•	Production centres and the environment	58-59
EMISSIONS			
EN8 Greenhouse Gas emissions	•	CEPSA and Greenhouse Gases	52
EN9 Use and emissions of ozone-depleting substances.	•	This indicator is not available at the date of preparation of this report, owing to the absence of systems to enable reporting of the required information. CEPSA aims to gradually improve the consistency of its sustainability information gathering systems, to be able to respond to this indicator	
EN10 NOx, SOx and other significant air emissions by type	•	Efficiency in operations	78-81
EFFLUENTS			
EN11 Total amount of waste	•	Efficiency in operations	83-84
EN31 All production, transport, import, or export of any waste deemed "hazardous"		Efficiency in operations	83-84
WASTE			
EN12 Significant discharges to water by type	•	Efficiency in operations	82-83
EN13 Significant spills of chemicals, oils, and fuels	•	Efficiency in operations	82-83
PRODUCTS AND SERVICES			
EN14 Significant environmental impacts of principal products and services	•	Efficiency in operations Production centres and the environment	84-85 58-60

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
EN15 Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	•	The Company's current management systems are not sufficiently reliable to enable publication of the information required by the GRI. CEPSA hopes to provide information relating to this indicator in future editions of its Sustainability Report.	
COMPLIANCE			
EN16 Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	•	The Company's current management systems are not sufficiently reliable to enable publication of the information required by the GRI. CEPSA hopes to provide information relating to this indicator in future editions of its Sustainability Report.	
PROTECTED AREAS			
EN20 Water sources and related ecosystems/habitats significantly affected by use of water. Include Ramsar-listed Wetlands		Production centres and the environment	58
EN25 Impacts of activities and operations on protected and sensitive areas.		Production centres and the environment	58
EN27 Objectives, programmes, and targets for protecting and restoring native ecosystems		Production centres and the environment CEPSA, part of the community Efficiency in operations	58 101-103 85
EN28 Number of IUCN Red List species with habitats in areas affected by operations		This indicator is not available at the date of preparation of this report, owing to the absence of systems to enable reporting of the required information. CEPSA aims to gradually improve the consistency of its sustainability information gathering systems, to be able to respond to this indicator	
EN29 Business units currently operating or planning operations in or around protected or sensitive areas		Production centres and the environment	58
TRANSPORT			
EN34 Significant environmental impacts of transportation used for logistical purposes		Efficiency in operations	84-85

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
OVERALL			
EN35 Total environmental expenditures by type		Efficiency in operations	74-76
ECONOMIC PERFORMANCE INDICATORS			
EC1 Net sales		CEPSA, creating value for the environment	39
EC2 Geographic breakdown of markets		CEPSA, creating value for the environment	39
EC3 Cost of all goods, materials, and services purchased		CEPSA, creating value for the environment	39
EC4 Percentage of contracts that were paid in accordance with agreed terms		CEPSA, creating value for the environment	37
EC5 Total payroll and benefits		CEPSA, creating value for the environment	37
EC6 Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares		CEPSA, creating value for the environment	37-39
EC7 Increase/decrease in retained earnings at end of period		Profile	20-22
EC8 Total sum of taxes of all types paid broken down by country		CEPSA, creating value for the environment	34-36
EC9 Subsidies received broken down by country or region		CEPSA, creating value for the environment	35
EC10 Donations to community, civil society, and other groups		Social responsibility programme (www.cepsa.com / The company / Corporate information) CEPSA, part of the community	100-103
EC11 Supplier breakdown by organisation and country		CEPSA, creating value for the environment	37-39
EC12 Total spent on non-core business infrastructure development		This indicator is not available at the date of preparation of this report, owing to the absence of systems to enable reporting of the required information. CEPSA aims to gradually improve the consistency of its sustainability information gathering systems, to be able to respond to this indicator	
EC13 The organisation's indirect economic impacts		CEPSA, creating value for the environment	32-39

SOCIAL PERFORMANCE INDICATORS**WORKFORCE**

LA1 Breakdown of workforce		CEPSA, focused on its people	86-88, 97
LA2 Net employment creation and Average Turnover		CEPSA, focused on its people	93
LA3 Percentage of employees represented by independent trade union organisations	•	CEPSA, focused on its people	95
LA4 Policy and procedures involving information, consultation, and negotiation with employees	•	CEPSA, focused on its people	94-95

HEALTH AND SAFETY

LA5 Practices on recording and notification of occupational accidents and diseases		CEPSA, focused on its people	90-91
LA6 Description of formal joint health and safety committees		CEPSA, focused on its people	90-91
LA7 Standard injury, lost day, and absentee rates		CEPSA, focused on its people	91-92
LA8 Description of policies or programmes on HIV/AIDS		CEPSA, focused on its people	89

TRAINING AND EDUCATION

LA9 Average hours of training per year		This indicator is not available at the date of preparation of this report, owing to the absence of systems to enable reporting of the required information. CEPSA aims to gradually improve the consistency of its sustainability information gathering systems, to be able to respond to this indicator	
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EQUAL OPPORTUNITIES

LA10 Description of equal opportunity policies or programmes	•	CEPSA, focused on its people	86
LA11 Composition of senior management and corporate governance bodies	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	25
LA12 Employee benefits beyond those legally mandated		CEPSA, focused on its people CEPSA, creating value for the environment	97-99 36

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
LA13 Provision for formal worker representation		CEPSA, focused on its people	94-95
LA14 Evidence of substantial compliance with the ILO recommendations		CEPSA, creating value for the environment	27
LA15 Description of formal agreements with trade unions or other bona fide employee representatives		CEPSA, focused on its people	94-95
LA16 Description of programmes to support the continued employability of employees and to manage career endings		CEPSA, focused on its people	98
LA17 Specific policies and programmes for skills management or for lifelong learning		CEPSA, focused on its people	92-93
HUMAN RIGHTS			
HR1 Description of policies, guidelines, corporate structure, and procedures	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	27
HR2 Evidence of consideration of human rights impacts	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	27
HR3 Description of policies and procedures to evaluate and address human rights performance	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	27
HR4 Description of global policy and procedures/programmes preventing all forms of discrimination in operation	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	27
HR5 Description of freedom of association policy and extent to which this policy is universally applied	•	CEPSA, focused on its people	94-95
HR6 Description of policy excluding child labour	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	27

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
HR7 Description of policy to prevent forced and compulsory labour	•	Mission Statement, Corporate Outlook, Founding Principles and Corporate Governance	27
HR9 Description of the representation and appeals process		This indicator is not available at the date of preparation of this report, owing to the absence of systems to enable reporting of the required information. CEPSA aims to gradually improve the consistency of its sustainability information gathering systems, to be able to respond to this indicator	
COMMUNITY			
S01 Description of policies to manage impacts on communities		CEPSA, part of the community	100
S02 Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption		CEPSA, part of the community	100
S03 Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions		CEPSA, part of the community	100
S07 Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour		The Company's current management systems are not sufficiently reliable to enable publication of the information required by the GRI. CEPSA hopes to provide information relating to this indicator in future editions of its Sustainability Report	
CUSTOMER HEALTH AND SAFETY			
PR1 Description of policy for preserving customer health and safety during use of products and services		Vocation to service	68-69
PRODUCTS AND SERVICES			
PR2 Description of Policy, procedures/management Systems, and compliance mechanisms related to product information and labelling		Product safety at CEPSA	63

GRI INDICATOR	GC*	SECTION OF SUSTAINABILITY REPORT	PAGE
PR3 Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy		Vocation to service	71
PR4 Number and type of instances of non-compliance with regulations concerning customer health and safety		The Company's current management systems are not sufficiently reliable to enable publication of the information required by the GRI. CEPESA hopes to provide information relating to this indicator in future editions of its Sustainability Report	
PR6 Voluntary code compliance, product labels or awards		Product safety at CEPESA	61-65
PR7 Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches		This indicator is not available at the date of preparation of this report, owing to the absence of systems to enable reporting of the required information. CEPESA aims to gradually improve the consistency of its sustainability information gathering systems, to be able to respond to this indicator	
PR8 Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction		Product safety at CEPESA	70
PR9 Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising		Profile Vocation to service	21 71
PR11 Number of substantiated complaints regarding breaches of consumer privacy		During 2005 no final unfavourable legal or administrative decisions have been issued in this respect	

GLOSSARY

Barrel → Standard measurement for crude oil, equivalent to 159 litres.

Biofuels → Any type of fuel derived from recently living organisms or their metabolic waste.

Biodiesel → Fuel derived from vegetable oils.

Combined cycle → Energy generation systems that combine gas and steam turbine cycles to obtain better performance with less environmental impact.

CO → Carbon monoxide

CO₂ → Carbon dioxide.

COASHIQ → Organisation that 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.

Cogeneration → Energy generation system that produces heat and electricity in a single process with less environmental impact.

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.

VOCs → Volatile Organic Compounds.

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.

DMT → Dimethyl terephthalate.

Effluent → Waste in liquid resulting from the different processes of a production plant.

ETBE → Ethyl tertiary butyl ether.

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.

GW → Gigawatt.

GWh → Gigawatt hour.

IPPC → European directive that aims to prevent and reduce pollution from different activities.

ISO → International Organisation for Standardisation.

ISO 14001 → Certifiable International environmental management standard.

ISO 9001 → Certifiable International quality management standard.

Clean development mechanism (CDM) → Projects designed to reduce emissions in under-developed countries mentioned in the Kyoto agreement.

MW → Megawatt. Unit for measuring power.

MWh → Megawatt hour. Unit for measuring energy.

UNE 150008 EX → Spanish standard for evaluation of environmental risks under the EC environmental responsibility regime.

UNE-EN ISO standard → International standard in the Spanish field.

NOx → Nitrogen oxides.

OHSAS 18000 → Series of voluntary international standards to improve occupational health and safety management.

ILO (International Labour Organisation) → United Nations organisation that promotes social justice and internationally recognised human and labour rights.

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.

Piezometer → Instrument used to measure groundwater levels in pipes.

PIPA → Purified isophthalic acid.

National Plan for the Allocation of Emission Rights → Distribution of emission rights at installation level, (approved by the Spanish government and adapted under European directive 87/2003) in conjunction with the reduced emissions commitment assumed by Spain on ratification of the Kyoto protocol.

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.

PTA → Purified terephthalic acid.

REACH → Registration, Evaluation and Authorisation of Chemicals.

Reduction of certified emissions (CERs) → Emission rights gained from MDL projects.

SO₂ → Sulphur dioxide.

t → Metric tonne.

Tremcards → Written instructions for transporters of dangerous goods specifying the materials being transported. These can be used to determine any accidents or incidents that might take place during transportation.

UNE 150008 EX → Spanish standard for evaluation of environmental risks from installations of business activity, particularly in the industrial sector.

Waste / residual upgrading → All processes which allow resources contained in waste to be reused.

Economic indicators

Key indicators of the CEPSA Group*

Profits (Millions of Euros)	2005	2004	2003	2002	2001
Net sales	18,370	14,113	13,199	11,459	11,664
Net sales (1)	16,188	11,945	11,056	9,407	9,713
Operating profit	1,528	1,048	913	471	583
Consolidated profit before income tax	1,518	1,058	946	575	584
Attributable consolidated profit after income tax	1,010	684	612	461	435
Attributable consolidated profit after income tax (**)	831	628	612	461	435
Dividends agreed by CEPSA (2)	334	268	254	185	161
ROAE (%)	25.6	20.2	22.6	19.3	20.6
ROCE (%)	18.5	14.8	15.1	12.9	13.5

Financial figures (Millions of Euros)

Share capital	268	268	268	268	268
Shareholders' equity (3)	4,310	3,598	2,899	2,518	2,263
Capital employed	5,054	4,637	4,206	4,049	3,655
Investments during the year	551	579	485	709	932

Earnings per share (in Euros)

Profit after income tax	3.78	2.56	2.29	1.72	1.62
Dividends agreed each year	1.25	1.00	0.95	0.69	0.60
Pay out (%) (**)	40	42	42	40	37

Stock market figures

Average quotation (Euros)	37.43	28.37	25.67	16.58	11.80
Quotation at 31 December (Euros)	38.65	29.70	27.50	17.39	12.49
Market capitalisation at 31 December (Millions of Euros)	10,342	7,947	7,358	4,653	3,342
Yield: dividend per average quotation (%)	3.34	3.52	3.70	4.16	5.09
PER (on average quotation)	9.91	11.10	11.22	9.63	7.28

Operating figures (Millions of tons/year)

Refining capacity	22.2	22.2	22.2	22.0	22.0
Distilled oil	21.5	20.9	21.1	20.5	19.8
Commercialised products (4)	29.8	29.0	27.9	25.8	25.3

(*) Unless stated otherwise, the figures for 2004 and 2005 which appear in above tables, as well as those reflected in the Activity Report, have been calculated on the basis of the International Financial Reporting Standards (IFRS). The figures for 2001 to 2003 have been prepared using accounting principles prevailing at that time.

(**) Excluding the effect of the difference between valuing stock at average unit cost or on a LIFO basis.

(1) Excluding special tax on hydrocarbons

(2) For comparison purposes, the dividend which is presented to the General Shareholders' Meeting for approval has been included in 2005.

(3) Before distribution of supplementary dividend for the year.

(4) Excluding crude oil sales.

Quality Control Certificates (ISO 9001:00)

OIL	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/ PRODUCTS
"GIBRALTAR-SAN ROQUE" REFINERY	AENOR	ISO 9001:00	12/07/94	Manufacture of all products.
"LA RÁBIDA" REFINERY	AENOR	ISO 9001:00	18/03/93	Manufacture of all products.
"TENERIFE" REFINERY	AENOR	ISO 9001:00	05/02/96	Manufacture of all products.
CEPSA BUNKER	LRQA	ISO 9001:00	25/07/96	Sale and distribution of bunker products.
CEPSA DISTRIBUTION	AENOR	ISO 9001:00	17/06/97	Distribution and road transport of liquid fuel.
CMD AEROPUERTOS CANARIOS	AENOR	ISO 9001:00	07/10/98	Receipt, storage and supply of aviation fuel.
CEPSA AVIACIÓN, S.A.	AENOR	ISO 9001:00	07/10/98	Receipt, storage and supply of aviation fuel. Transport by road of aviation fuel in the Canary Islands.
CEPSA COMERCIAL MADRID, S.A.	MADRID CHAMBER OF COMMERCE AND INDUSTRY	ISO 9001:00	09/02/00	Receipt, storage and distribution of energy products.
CEPSA PORTUGUESA	BVQi	ISO 9001:00	17/11/00	Receipt, storage, sale and distribution of fuel products, bulk bitumen and lubricants. Manufacture of emulsions. Marketing of aviation fuel.
PETRÓLEOS DE CANARIAS, S.A.	LRQA	ISO 9001:00	28/02/03	Receipt, storage and distribution of marine fuel in Gran Canaria and Tenerife.
CEDIPSA • Mirasierra Service Station	AENOR	ISO 9001:00	28/07/03	Sale of automobile fuel and other products in service station shops.
PETROPESCA, S.L.	LRQA	ISO 9001:00	20/11/03	Marketing and distribution of marine fuel.

(*) First certification

PETROCHEMICALS	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/ PRODUCTS
ERTISA	AENOR	ISO 9001:00	10/04/92	Manufacture of all products.
CEPSA U.K. LIMITED	NICQA	ISO 9001:00	12/08/92	Import, sale and distribution of petrochemical products.
PETRESA	AENOR	ISO 9001:00	01/10/92	Manufacture, market study, sale, distribution and invoicing of all products.

Certifications of CEPSA management systems for quality, environment and prevention of work-related risks. Accreditation of testing laboratories

Certifications of CEPSA management systems for quality, environment and prevention of work-related risks. Accreditation of testing laboratories

PETROCHEMICALS	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/PRODUCTS
INTERQUISA	AENOR	ISO 9001:00	21/03/94	Production and marketing of: <ul style="list-style-type: none"> • Purified terephthalic acid (PTA). • Dimethyl terephthalate (DMT). • Purified isophthalic acid (PIPA)
DETEN QUÍMICA, S.A	BVQi	ISO 9001:00	31/05/96	Production, distribution and sale of: linear alkyl benzene, heavy alkylate, sulphonic acid.
PETRESA CANADÁ INC.	QMI	ISO 9001:00	05/12/96	Manufacture of: <ul style="list-style-type: none"> • Linear alkyl benzene • Heavy alkylate
PETRESA INTERNACIONAL	AIB VINÇOTTE	ISO 9001:00	21/02/97	Sale and distribution of linear alkyl benzene and derived products.
ERTISA NETHERLANDS	AENOR	ISO 9001:00	07/07/97	Marketing of: <ul style="list-style-type: none"> • Phenol • Acetone • AMS.
ERTISA G.B.	AENOR	ISO 9001:00	07/07/97	Marketing of: <ul style="list-style-type: none"> • Phenol • Acetone
CEPSA ITALIA, S.p.A.	CISQ	ISO 9001:00	18/04/00	Marketing of chemical and petrochemical products.
INTERQUISA CANADA S.E.C.	QMI	ISO 9001:00	12/01/05	Production of purified terephthalic acid.

(*) First certification

SPECIALITIES	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/PRODUCTS
LUBRISUR	AENOR	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.	AENOR	ISO 9001:00 ISO 16949	28/12/95 12/02/04	Design, planning, marketing and after-sale service: <ul style="list-style-type: none"> • Bases. • Lubricant and paraffin products.
PRODUCTOS ASFÁLTICOS, S.A.	AENOR	ISO 9001:00	28/10/97	Distribution and marketing of bitumen. Production, distribution and marketing of bitumen emulsions, polymer-modified bitumen, oxidised bitumen and special products.

SPECIALITIES	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/ PRODUCTS
CEPSA GAS LICUADO, S.A.	AENOR	ISO 9001:00	30/11/05	Distribution, marketing and after-sale service of liquefied petroleum gas.

(*) First certification

VARIOUS	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/ PRODUCTS
CEPSA ("Gibraltar-San Roque" consignments)	AENOR	ISO 9001:00	28/11/00	Vessel consignment service
ECOLOGÍA CANARIA, S.A.	LRQA	ISO 9001:00	16/05/02	Collection, transport, treatment and elimination of oil waste and hydrocarbon-contaminated elements
CEPSA (Polo Purchases, Technology and Manufacture)	Applus +	ISO 9001:00	26/09/05	Negotiation of framework agreements and purchase of goods and services.

(*) First certification

Ministry of Defence Certifications (PECAL/AQAP/2120)

	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/ PRODUCTS
"GIBRALTAR-SAN ROQUE" REFINERY	A.I.I. (MD)	PECAL/AQAP 2120	28/02/93	Production of kerosene-type aviation fuel and marine diesel oil for the Ministry of Defence.
"LA RÁBIDA" REFINERY	A.I.I. (MD)	PECAL/AQAP 2120	14/07/94	Production of kerosene-type aviation fuel and marine diesel oil for the Ministry of Defence.,
"TENERIFE" REFINERY	A.I.I. (MD)	PECAL/AQAP 2120	13/12/95	Manufacture of all products.
CEPSA LUBRICANTES, S.A.	A.I.I. (MD)	PECAL/AQAP 2120	08/05/02	Manufacture of all products.
CEPSA AVIACIÓN, S.A.	A.I.I. (MD)	PECAL/AQAP 2120	16/07/02	Transport, receipt, storage and supply of aviation turbo fuel for military use.

(*) First certification

Accredited testing laboratories (ISO 17025)

	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/ PRODUCTS
"GIBRALTAR-SAN ROQUE" REFINERY	ENAC	ISO 17025	26/10/93 07/07/00	Testing of oil products and lubricants Testing of effluents.
PETRESA	ENAC	ISO 17025	09/07/99	Physical-chemical testing of effluents and lixiviates.

Certifications of CEPSA management systems for quality, environment and prevention of work-related risks. Accreditation of testing laboratories

Certifications of CEPSA management systems for quality, environment and prevention of work-related risks. Accreditation of testing laboratories

	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/PRODUCTS
"LA RÁBIDA" REFINERY	ENAC	ISO 17025	02/02/01	Physical-chemical testing of effluents.
RESEARCH CENTRE	ENAC	ISO 17025	10/05/01	Testing of oil products.
(*) First accreditation				
Environmental management system (ISO 14001/EMAS)				
	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/PRODUCTS
PETRESA	AENOR	ISO 14001	27/09/95	Manufacture of all products.
	AENOR	EMAS Reg/ (CE). 761/2001	26/02/97	
"LA RÁBIDA" REFINERY	AENOR	ISO 14001	24/10/97	Manufacture of all products.
	AENOR	EMAS Reg/ (CE). 761/2001	12/01/99	
"TENERIFE" REFINERY	AENOR	ISO 14001	29/10/97	Manufacture of all products.
	AENOR	EMAS Reg/ (CE). 761/2001	02/02/01	
INTERQUISA	AENOR	ISO 14001	09/06/98	Manufacture of all products.
"GIBRALTAR-SAN ROQUE" REFINERY	AENOR	ISO 14001	30/10/98	Manufacture of all products.
	AENOR	EMAS Reg/ (CE). 761/2001	20/07/99	
ERTISA	AENOR	ISO 14001	30/12/99	Manufacture of all products.
LUBRICANTES DEL SUR	AENOR	ISO 14001	28/04/00	Manufacture of all products..
	AENOR	EMAS Reg/ (CE). 761/2001	17/04/01	
DETEN QUÍMICA, S.A.	BVQi	ISO 14001	31/05/96	Manufacture of all products..
PETRESA CANADÁ INC.	QMI	ISO 14001	19/12/00	Manufacture of linear alkyl benzene and heavy alkylate.
CEDIPSA Mirasierra Service Station	AENOR	ISO 14001	28/07/03	Sale of automobile fuels and shop products at service stations.
PROAS	AENOR	ISO 14001	20/05/04	Manufacture of all products.
CEPSA AVIACIÓN, S.A.	AENOR	ISO 14001	28/02/05	Transport, storage and supply of aviation fuel.
CMD Aeropuertos Canarios, S.L.	AENOR	ISO 14001	28/02/05	Receipt and storage of aviation fuel.
INTERQUISA CANADA, S.E.C.	QMI	ISO 14001	12/01/05	Production of purified terephthalic acid.
(*) First certification				

Risk Prevention System (OHSAS 18001)

	CERTIFYING BODY	STANDARD	DATE*	ACTIVITIES/PRODUCTS
"LA RÁBIDA" REFINERY	AUDELCO	OHSAS 18001	09/10/03	Manufacture of all products.
"TENERIFE" REFINERY	AUDELCO	OHSAS 18001	23/10/03	Manufacture of all products.
"GIBRALTAR-SAN ROQUE" REFINERY	AENOR	OHSAS 18001	11/04/05	Manufacture of all products.
ERTISA	AUDELCO	OHSAS 18001	26/11/04	Manufacture of all products.
PETRESA	DET NORSKE VERITAS	OHSAS 18001	20/12/04	Manufacture of all products.
PETRESA CANADÁ	QMI	OHSAS 18001	22/12/04	Manufacture of all products.
CEPSA PORTUGUESA	BVQi	OHSAS 18001	30/03/05	Receipt, storage and distribution of fuel and bitumen. Manufacture of emulsions.
CEPSA AVIACIÓN, S.A.	AUDELCO	OHSAS 18001	11/04/05	Transport, storage and supply of aviation fuel.
CMD Aeropuertos Canarios, S.L.	AUDELCO	OHSAS 18001	11/04/05	Storage and supply of aviation fuel.
INTERQUISA	AUDELCO	OHSAS 18001	01/10/05	Manufacture of all products.
CEPSA GAS LICUADO	AUDELCO	OHSAS 18001	03/10/05	Loading, unloading, storage and packaging of liquefied petroleum gas.
ATLAS, S.A.	AUDELCO	OHSAS 18001	30/11/05	Storage, marketing and distribution of fuel and lubricants in Ceuta and Melilla.

(*) First certification

Certifications of CEPSA management systems for quality, environment and prevention of work-related risks. Accreditation of testing laboratories

Community responsibility*

Main activities in the community

San Roque Civil Protection Association: purchase of security equipment (San Roque, Cádiz)

San Francisco de Asis Shelter, Hospital Martagão Gesteira, Organização Auxílio Fraterno, Shelter: Financial support provided to these institutions which provide assistance to the poor (Salvador de Bahía, Brazil)

Charity institutions: support provided to institutions which offer assistance to the needy (Huelva)

Multiple Sclerosis Association of Campo de Gibraltar (Cádiz)

Spanish Fire-Fighting Association: collaboration with the International Technical Committee on Fire Fighting and Prevention (Madrid)

Association of Family Members of Alzheimer Patients, Campo de Gibraltar (Cadiz)

Food Bank against Hunger: donation of petrol for the transport of food for the needy (Lisbon and Porto, Portugal).

Special Family Education Centre (CEFAES): advice and support for parents of children with mental deficiencies. This centre carries out scientific research and provides educational assistance (Madrid)

Children's Support Centre: the money allotted to buy Christmas gifts for CEPSPA Portuguesa customers was donated to the CADIN Association, whose statutory activity is the social integration of disabled youth (Cascais, Portugal)

Green Cheque: collection and selective sale of scrap. Money earned was donated to five charity institutions and a primary school to support the "mãos na terra" project, in which children build small gardens to learn respect for nature (Salvador and Camaçari, Brazil)

Collaboration with the Fire Fighting and Rescue Service (SEIS): collaboration in training, theory and practice and improving the service's materials and equipment (Huelva)

"El Carmen" Soup Kitchen: donation of basic food products (Algeciras, Cádiz)

DETEN Choir: choir formed by company volunteers, which participates in events and festivals and performs in charity institutions in the community (Salvador and Camaçari, Brazil)

Red Cross: distribution of tickets for the July Gold charity draw (Madrid)

Road Safety School for youth: main sponsor of its activities as a travelling road safety school, in schools and town councils in Andalusia.

Adult basic education: geared towards the improvement of a person's intellectual, emotional and social potential, with 80 individuals under the programme (Colombia).

Feast of Ramadan: organisation of meals for the needy in the area of OUARGLA (Algeria)

Business production enhancement: support for the consolidation of farming associations and technological training programme for farming associations in the areas of production, business and environmental management (Colombia)

Fire-fighter training: training courses on Liquefied Petroleum Gas offered at several fire stations (Spain)

(*) This section includes the main initiatives implemented in 2005.

City of Joy Foundation (Madrid)

Diabetes Foundation (Madrid)

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

Down's Syndrome Foundation: provide assistance to persons with Down's syndrome with school, labour and social integration. Donation to the Stella project and collaboration in the VII Basketball Tournament- A Category (Madrid)

PRODIS Foundation: collaboration with the Foundation and sponsorship of the paddle tournament (Madrid)

Farming Production Technological Tour: the dissemination of improved production techniques to spread knowledge acquired in local projects (Colombia)

Rocío Association: development of several activities for the benefit of the Huelva Nursing Home (Huelva)

Community Homes: improvement in the assistance provided to children in community homes in several districts (Colombia)

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

Purificación Tolima Hospital: donation of an electronic incubator for the intensive care unit of the La Candelaria Hospital (Colombia)

Implementation of the community production stage for the fish farm project: enlargement of 9 fish farms (Colombia)

Colombian Institute for Family Welfare: support to children's Homes (Tolima, Colombia)

Implementation of the production stage for the establishment of an integrated farm and extensive cattle farming: a programme which comprises 14 families and consists of the purchase and electrical installation of farm land and the fattening of cattle.

Furniture and Equipment: an employee-based initiative for donating unused office furniture and equipment to interested institutions (Camaçari, Brazil)

New Future: construction of homes for homeless youth (Lisbon and Porto, Portugal)

Improvement of an aqueduct and basic school plumbing: repair and improvement of drainage and home plumbing, repair of a sanitary unit and construction of a septic tank (Colombia)

Surfacing of urban roads: donation of cement to support a surfacing programme which would benefit 3,500 individuals and the restoration of a road leading to the station (Colombia)

CEPSA awards for Community Value: CEPSA employees or subcontractors select and sponsor community projects submitted by institutions, NGOs, associations and groups working in community initiatives

First Farm Show of Production Associations: exposure of their products and identification of corresponding marketing channels (Colombia)

Community responsibility

Main activities in the community

Community responsibility

Main activities in the community

Botafuegos Prison: organisation of sporting activities for prisoners (Algeciras, Cádiz)

Integrated sports and recreation programme in communities within the Company's area of influence: integration and recreational activities, community film showings and sporting tournaments (Colombia)

Community programmes: support for the improvement of a school's installations, surfacing of main roads, road maintenance, construction of a pedestrian bridge and a sports centre, breeding of laying hens, donation of a school kitchen (Colombia)

Apprentice Programme: IT training for adolescents (Salvador; Brazil)

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

Christmas Presents: donation of the amount budgeted to buy Christmas presents for the Company's main customers and suppliers to a charitable institution chosen by DETEN employees (Salvador de Bahía, Brazil)

Supply of work equipment to the Association of Agricultural Farmers and female heads of family: donation of mowers to strengthen production activity. Nine families benefited from the programme (Colombia)

Healthcare Units: construction of healthcare units and septic tanks (Colombia)

Spanish Association for Quality (AEC): talks on Sustainability Strategies for Companies (Seville)

Support for a local celebration attended by around 500 persons and a folk festival which attracted 8,000 persons (Colombia)

Language Learning Grants: scholarships to learn a language abroad (Ireland) extended to the top 3 students of the Palos de la Frontera and Mazagón learning centres (Cádiz)

Universidad de Cádiz Campus Cinema: promotion of film in the province (Cádiz)

Tenerife Carnival: (Santa Cruz de Tenerife, the Canary Islands)

Carteia: excavations in Villa Victoria (San Roque, Cádiz)

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

CEPSA-Real Colegio Complutense Professorship at Harvard: granting of scholarships and collaboration in academic and scientific activities (Madrid and Huelva)

Chiquilandia: a children's park opened every Christmas at Parque Santa Catalina in Las Palmas de Gran Canaria. Educational attractions for kids (workshops on the environment, road safety, etc.) (Las Palmas de Gran Canaria)

Collaboration with the literary magazine of the UNED (Spanish National University of Distance Education) (San Roque, Cádiz)

Participation in a course organised in Seville: the Sustainability Excellence Club, in cooperation with the Ministry of Social Affairs and Employment and the Regional Government of Andalusia organised a course on corporate responsibility in Seville for Small and Medium-scale Companies (Seville)

Collaboration with Real Instituto Elcano (Madrid)

"Ciudad de La Línea" National Piano Competition (La Línea, Cádiz)

Confederation of Educational and Management Centres (Madrid)

CSIC – Marine Science Institute of Andalusia: design and application of bio tests for the study of the toxicity of surfactants related to marine sediments (Andalusia)

CEPSA and the world of oil (CEPSA y el mundo del petróleo) informative brochures: an educational project addressed to secondary school professors and students with the goal of consolidating the knowledge acquired by the student during a visit to the refinery (Huelva)

Biofuel Course: specialised course for technical school students and professionals interested in the energy consumption problem and the alternatives offered by biofuel (Huelva)

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

Santa Lucía Learning Centre laboratory donation: support for the refurbishment and equipment of the Santa Lucía Learning Centre laboratory which will benefit around 200 students (Colombia)

Community responsibility

Main cultural activities

Community responsibility

Main cultural activities

Publication of the UNED's book entitled Europhoros (Algeciras, Cádiz)

Book publications: in collaboration with different entities, the publication of Franco's era in San Roque (La época de Franco en San Roque) and Recent advances in plant biotechnology and genetic engineering (Avances recientes en biotecnología vegetal e ingeniería genética de plantas) (Cádiz)

Teaching techniques and special strategies education: given to 50 teachers in order to assist children with special learning requirements (Colombia)

“Industrial Tourism” Study: research on the importance of industrial tourism in the province of Huelva (Huelva)

Painting exhibit: Emilio Días-Cantelar: Huelvan painter (Huelva)

Annual Trade and Cattle Fair and Equestrian Fair: promotion and strengthening of cultural and tourist values (Colombia)

Canary Island 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)

Matosinhos Jazz Festival (Portugal)

Community legislation training: for 1,463 legislators of the Community Action Assembly (Colombia)

Friends of the Prado Museum Foundation (Madrid)

“Ortega Bru” Cultural Foundation: publication of books by new writers from the region (San Roque, Cádiz)

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

MASPALOMAS Foundation: Sponsorship of the Maspalomas Summer School 2005 (Canaries)

Príncipe de Asturias Foundation (Oviedo,Asturias)

Pedro Ferrándiz Foundation: International Basketball Research and Documentation Centre (Alcobendas, Madrid)

Andalusia Technological Foundation: to promote the transfer of technological and scientific knowledge to the productive fabric and the Andalusian society in general (Seville)

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

Complutense Institute of International Studies – ICEI -Universidad Complutense Summer Course (Madrid)

II Conference on the management and conservation of cork oak forests in the “Los Alcornocales” Natural Park (Jerez, Cádiz)

Masters in Chemical Engineering and Doctorate in Chemistry at the Universidad Federal de Bahía, and promotion of courses on recycling for graduates in Chemical Engineering for the Petrochemical Processing Industry, and Equipment Engineering for Mechanical engineers (56 scholarships). Carried out in collaboration with COFIC (Brazil)

Santa María de la Rábida Monastery: restoration of the pictorial series "The life of St. Francis of Assisi" (Palos de la Frontera, Huelva)

Las Carabelas docks: cultural and leisure activities (Palos de la Frontera, Huelva)

Cruz Herrera Museum: collaboration in painting exhibits (La Línea, Cádiz)

Youth Symphony Orchestra: presentation of young soloists and promotion of international exchange among young musicians (Lisbon, Portugal)

Polo Awards for Education Incentives (Sixth edition): together with Polo Industrial de Camaçari companies, awards to public schools of Camaçari and Dias d'Ávila, for the promotion of educational actions (Brazil)

Education Incentive Programme: in collaboration with the Camaçari Industrial Development Committee (COFIC), programme provided in 86 schools for teachers and students involving the teaching of art, sex education and mathematics (Camaçari and Dias d'Ávila, Brazil)

Sculpture of a new Christ statue for the Corpus Christi Parish (Algeciras, Cádiz)

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

UNED: Award for the best academic record (Huelva)

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

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

Universidad de Cádiz-CASEM: characterisation of the vertical distribution of anionic surfactants (LAS and AES) in Guadalupe river sediments (Cádiz)

Universidad de Huelva: provide digital reference of technical magazines; recognition of the best legal research projects; scholarships to obtain European doctorate degrees; Alumno Diez C project; two scholarships for the Global Village programme for future leaders of business and industry" at the IACOCCA Institute at Lehigh University (USA) (Huelva)

Universidad Autónoma de Madrid: study conducted on Anaerobic Biodegeneration of LAS in Sediments of Coastal Systems (Madrid)

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

Universidad de Granada: study conducted on the leaching capacity of LAS through forced irrigation in non-saturated/saturated areas of an agricultural land in the Vega de Granada (Granada)

Universidad de Zaragoza: kinetic study and modelling of catalysts for dehydrogenation of alkanes (Zaragoza)

Community responsibility

Main cultural activities

Community responsibility

Main environmental activities

Adoption of a Bonelli's Eagle through Red Life magazine: to enhance public's knowledge of endangered species like the Bonelli's eagle (Madrid)

ASE (Community Action of Businesses): Conferences on Development and Natural Resources (Madrid)

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)

COOPEMARC (Recyclable Materials Cooperative of Camaçari): delivery of 15,970 Kg of selected and classified recyclable waste (paper, cardboard, glass and plastic) contributing to the livelihood of 180 families (Camaçari, Brazil)

International Cooperation of NGOs Environmental Meetings: cooperation in environmental issues (Algeciras, Cádiz)

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

Ecodictionary: an ecology dictionary prepared by second and third year primary students and professors of the Mazagón Public School (Mazagón, Huelva)

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 Environmental Education Open Door Days (Palos de la Frontera, Huelva)

Petrolito: educational programme for school children concerning the environment within the framework of the industry. The programme includes guided tours of industry installations (Colombia)

Polo Award for Environmental Protection: incentive for publishing articles, television programmes and photography dealing with the conservation of the environment and the popularisation of renowned activities or projects (Brazil)

Youth for Change Award: for secondary schools, concerning the identification and presentation of ideas to solve local water-related problems (distribution, inadequate use, contamination, scarcity, etc.) (Maragogipe, Bahía)

Adopt-a-Small-Company Programme: provide information on issues relating to environmental management and clean technologies by providing free environmental advisory services to micro and small companies (Bahía, Brazil)

Socio-Environmental Watchers Programme: training of socio-environmental watchers, advice in the preparation of plans and projects, information and education for communities and schools participating in the 2005 programme, and education in the improvement of fruit farms in the highlands region with the approval of the fruit producers cooperative (Colombia)

Life Project: support for the "Ecological restoration and promotion of public use of the wetlands around Huelva" project, which aims to restore the Palos, Las Madres, Estero Domingo Rubio and Ribera del Tinto Lagoon System (Huelva)

Clean Parks and Beaches Project: maintenance of plastic wastebaskets for the collection of garbage on the beaches and parks of Salvador: Incentive which prevents 6,000 m³ of garbage per month from polluting the sand and water of beaches and lagoons. A selective collection project was implemented in the Patuaçu Park, in which 875 m³ of material was recycled.

Tamar Project: the purpose of this project is the protection of sea turtles. In 2005, 107,404 sea turtles were born. The project also organises educational visits which attracted 57,400 visitors (Camaçari, Brazil)

“Viva o Mangue” Project: recovery of areas stripped of mangrove forest and promotion of the environmental education of young people and fishermen (Maragogipe, Brazil)

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

Viajamos hacia el desarrollo sostenible [Moving towards sustainable development]: programme to raise awareness among high school students of the challenge of achieving Sustainable Development (La Laguna, Santa Cruz de Tenerife, Canaries)

Community responsibility

Main environmental activities

Community responsibility

Main sporting activities

Young Children's Soccer Open (La Línea, Cádiz)
Inter-district Soccer Championship: soccer matches between different districts (Colombia)
CEPSA Motorcyclists Action Team Club: classes to improve motorcycle driving (Madrid)
Barakaldo-UPV Handball Club (Baracaldo, Basque Country)
C.R. Linense rowing Club (La Línea, Cádiz)
CEPSA Fencing School (Huelva)
Recre Foundation: promotion of basic sports and organisation of activities related to sports, culture and education, with special emphasis on youth, the disabled and marginalised social sectors (Huelva)
Sailing School (Palos de la Frontera, Huelva)
Tenerife Island Sailing Federation (Santa Cruz de Tenerife)
Municipal Sports Institute: Transport for basic sports for local children and youth (La Línea, Cádiz)
Karting Gran Canaria: creation of a kart racing drivers' school through CEPSA scholarships (Santa Cruz de Tenerife, Canaries)
Lucha Canaria: sponsorship of local island sports through the CEPSA Santa Cruz Wrestling Club (Santa Cruz de Tenerife, Canaries)
6 th Palos CEPSA Half-Marathon (Palos de la Frontera, Huelva)
10 th Mountain Bike Trip (Moguer, Huelva)
La Línea Recreational Centre: support provided to the children's soccer school (La Línea, Cádiz)