Annual Report 2020

Leading today's energy into our future

galp

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Integrated Management Report 2020

Leading today's energy into our future

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About the report

Galp's integrated report is intended to provide a global, transparent and accurate account of the activities through which we create economic value and our practices and principles of environmental, social and corporate governance, including disclosure of performance results for the year of 2020. The report allows Galp's performance to be assessed in an integrated way, taking into account the relevant external factors and incorporating information concerning the previous years, when necessary.

The present report comprises four parts which form together the Integrated Report 2020 as follows:

- an Integrated Management Report which includes Galp's strategy, operational, financial and sustainability performance during 2020, as well as the main themes of corporate governance and risk management;
- the Corporate Governance Report, detailing the governance model and practices;
- the Consolidated and Individual Financial Statements;
- Appendices section.

Integrated Report 2020			
Part I	**Part II**	**Part III**	**Part IV**
Integrated Management Report	Corporate Governance Report	Consolidated and Individual Financial Statements	Appendices

Leader in integrating best reporting standards and guidelines

This report has been prepared according to the applicable standards and globally recognised guidelines, namely:

- International Financial Reporting Standards (IFRS);
- the guidelines of the Portuguese Commercial Companies Code (CSC) relating to the content of the management report, including those pertaining to the reporting of non-financial information introduced by Decree-Law no. 89/2017 of 28 July;
- the model for reporting non-financial information by issuers of securities listed on a regulated market presented by the Portuguese Securities Market Commission (CMVM);
- the provisions of the Portuguese Securities Market Code (CVM) and of the Portuguese Securities Market Commission (CMVM) Regulation no. 4/2013 referring to the annual corporate governance reporting;
- the provisions of the CVM for the reporting of payments made to public administrations;
- the International Integrated Reporting Council (IIRC) guidelines for integrated reporting;
- the Global Reporting Initiative (GRI) guidelines, GRI Standards version, in the " In accordance - Comprehensive" option, including the Oil & Gas sector supplement guidelines relating to the sustainability report (full report available here);
- the Sustainability Accounting Standards Board (SASB) for Oil and Gas, including Exploration & Production, Midstream and Refining and Marketing Standards (full report available here);
- the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board (FSB) concerning disclosure of climate-related financial risks (full report available here);
- the United Nations Global Compact (UNGC) principles (full report available here);
- the World Economic Forum, Measuring Stakeholder Capitalism metrics and disclosure(full report available here);
- the Sustainable Development Goals (full report available here);
- the principles of inclusion, materiality, responsiveness and impact set in the AA1000 Accountability Principles Standard (AA1000AP 2018) regarding sustainability information.

Galp's financial statements were prepared in accordance with IFRS standards, with the cost of goods sold and raw materials used valued at Weighted Average Cost (WAC). When prices of commodities and raw materials fluctuate, the use of this valuation method may lead to volatility in results through gains or losses in inventories, without reflecting the actual operating performance of the Company during the period. This effect is called the inventory effect.

Another factor which may influence results are non-recurring items, such as gains or losses from the sale of assets, impairments or restructuring provisions.

In order to provide a better assessment of the Company's operating performance excluding the aforementioned effects, Galp also discloses its consolidated results on a Replacement Cost Adjusted (RCA) basis, excluding non-recurring items and the inventory effect, the latter of which due to the fact that the cost of goods sold and raw materials consumed was determined using the Replacement Cost (RC) valuation method. Galp's IFRS results are audited, RC results are reviewed by the auditor, while RCA results are neither audited nor reviewed.

Regarding non-financial information, the information consolidation and reporting methodology covers all activities in which Galp has an interest of 50% or more and when it has operational control. Whenever relevant, this report also includes information on non-controlled activities in which Galp holds a minority interest.

Galp aims to create the necessary trust to support stakeholders' decision-making regarding the Company and, therefore, submits the contents of this report to an external, independent and certified assessment.

The scope of work of Galp's Statutory Auditor/Certified Accounting Entity, Ernst & Young Audit & Associados, SROC, S.A., for the Integrated Report is as follows:

Financial statements	Non-financial information	Corporate governance information	Other information
Statutory and auditor's report on the audit of the consolidated and individual financial statements	Verification of the inclusion of non-financial information required under decree-law 89/2017 of 28 July	Verification of the inclusion of the elements of the corporate governance report referred to in article 245-a of the CVM	Verification of the consistency of the management report with the financial statements

With regard to the non-financial information disclosed in this Report, on our website and in the GRI Standards and TCFD Recommendations, the independent assurance report is issued by Pricewaterhouse Coopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. , which provides reasonable assurance on the Carbon Footprint (Scopes 1 and 2) 2020, and limited assurance on the remaining non-financial information.

As a complement to this report, Galp publishes additional and detailed non-financial information on its corporate website. Galp intends to establish a constant and inclusive dialogue with its stakeholders. You may send your opinion on this report, as well as ask questions about it, to the Investor Relations team through the following contacts:

Galp Energia, SGPS, S.A.
Investor Relations
Tel.: +351 217 240 866
E-mail: investor.relations@galp.com



Paula Amorim

Chairman of the Board of Directors

The oil and gas sector was severely impacted during 2020 with the pandemic environment due to COVID-19 leading to unprecedented declines in demand across all products, price competition for market share between oil and gas exporting countries, and very low refining margins for several months.

Our first priority was to safeguard the well-being of our people and support the communities where we are deeply involved. We coordinated our efforts with several national health entities, and I am very proud of the means made available by our Company and the contributions made by our people.

We also ensured the stability of our operations, asset integrity and balance sheet preservation to protect our financial position. The swift adjustment to our investment plan played a key role. Despite operating under most adverse conditions, Galp continued to deliver upstream production growth, rapidly adjusted its commercial activities to successfully adapt to the new environment, and strengthened its supply and trading activities to deliver a solid contribution.

Our refining operations, however, were significantly impacted by market conditions. Structural challenges which have been building up for some time accelerated during 2020, compounded by the regulatory context in Europe and capacity additions from less regulated regions. Under such circumstances, the Board of Directors took the difficult decision to concentrate all refining activities in Sines and cease the refining activities in Matosinhos. The site will continue to be a key element of our logistic operations and we are evaluating alternatives better aligned with future market trends.

We also made a bold move to accelerate Galp´s positioning for the future of energy, becoming a leading player in solar power generation in Iberia. At the end of 2020, our joint venture with ACS had over 900 MW of solar PV capacity installed, with Galp's current portfolio comprising c.3,800 MW of high-quality projects expected to be rolled out over the next three years.

Galp's upstream portfolio is made of world class assets, which combine industry-leading cost competitiveness, longevity, and a carbon intensity that is half the industry's average. This is an incredible starting point from which to continue to build an overall lower carbon energy business. And we are committed to align ourselves with Europe's net zero carbon ambition by 2050.

The Board of Directors will propose to the Annual General Shareholders' Meeting a dividend of €0.35 per share related to the 2020 fiscal year. This 50% reduction from the previous year reflects past performance and the Board is much more confident with what lies ahead.

Andy Brown has joined us as CEO in early 2021 and we are thrilled to have him leading the execution of Galp's strategy to thrive in the energy transition. He will be supported by extraordinary people which, under such difficult personal conditions, made this Company even stronger during 2020.

I express a word of appreciation to our partners and to Galp's team for their outstanding dedication and commitment, in such a complex environment. A last word for the shareholders to thank for their continuous support and trust as we move forward on this journey.



Paula Amorim
Chairman of the Board of Directors



Andy Brown

Chief Executive Officer

Dear stakeholders,

I would like to start this letter by expressing my enormous admiration for all Galp's employees that, throughout this last year, gave their best for this Company under unprecedented conditions. I am impressed by the way Galp was able to take immediate actions to ensure the well-being and health of its people, while maintaining its operations, and serving its customers' needs.

Let me share with you the reflections of my first days at Galp:

The Company holds an enviable upstream position, where the deep-water portfolios in Brazil, Angola and Mozambique are truly world class. Galp's highly competitive portfolio is regarded as top tier in terms of sustainability, both economically, with a very low production costs, and environmentally, with one of the lowest carbon intensity levels in the industry. Galp also holds a solid refining position and has a strong brand supporting its commercial value chain across oil products, natural gas and electricity in Iberia and selected countries in Africa.

Although traditionally more integrated in the oil and gas part of the energy sector, as a lean and agile Company, Galp is capable of fast paced adaptations and transformations. The strategic move made in 2020, with the acquisition of solar photovoltaic projects in Spain, allowed Galp to successfully integrate into the power value chain to become the leading solar player in Iberia, with a robust platform in place to support future growth.

Galp has always focused on improving the sustainability of its activities. Its performance in this area has been recognised by top ESG agencies as leading in Europe.

There are no doubts that this was one of the most challenging years in the history of this industry. The shockwaves of this pandemic are still being seen and markets are expected to remain uncertain. In addition, the energy system is changing fast, meaning Galp will have to change even faster to stay ahead.

I am, therefore, excited to take on the role of leading this Company through such transformational times and I am very enthusiastic about the future that lies ahead of us. We will continue to position Galp for the future of energy and pursue a strategy aligned with the transition to a lower carbon economy.

Going forward, I will work diligently with the leadership team and the Board of Directors to reinforce the direction of Galp, allowing this Company to thrive through the energy transition, maintaining a great brand and being a great place to work. We have a high-quality portfolio and we know our strengths, but we will need to sharpen our focus, to become a leaner and more nimble organisation, so we can be better prepared to address future opportunities and challenges.

We will share with you our strategy and roadmap on the Capital Markets Day, to be hosted in May 2021, where I will be pleased to present our value driven path, focused on pursuing sustainable growth, committed to deliver a differentiated investment opportunity for our shareholders.

I would also like to include a word of appreciation to all my predecessors, who brought Galp to where it stands today. Well done!

Finally, I will end as I started, with a word to all Galp's People, who I have found to be profoundly committed to the Company's future and with whom I will have the privilege to work with: I am confident that together we will build an even stronger and more sustainable energy Company.



Andy Brown
Chief Executive Officer

The Galp world

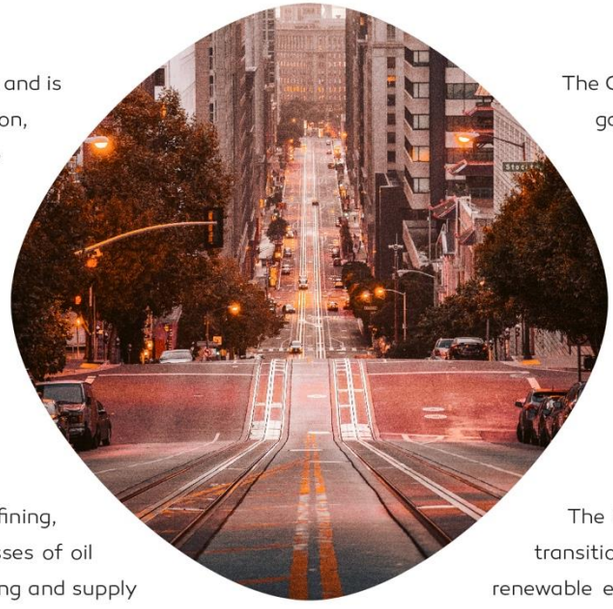


1.1.

Our presence

Upstream

Galp's Upstream portfolio is spread over several countries and is divided into distinct maturity phases, from exploration, through appraisal, to development and production. These projects are mostly distributed among three core areas: the pre-salt of the Santos basin in Brazil, Angola and Mozambique.



Commercial

The Commercial business unit includes the sale of oil products, gas, electricity, lubricants and non-fuel retail to the B2B and B2C segments. This approach enables Galp to better assess the needs of the customers and to provide tailored solutions across the geographies where it operates.

Refining & Midstream

The Refining & Midstream business unit includes all refining, cogeneration and logistics activities, the trading businesses of oil products, gas and electricity. This unit ensures the sourcing and supply of energy products to our business.

Renewables & New Businesses

The Renewables & New Businesses unit embraces the energy transition, by developing a sustainable and diversified portfolio of renewable energy generation and pursuing autonomous businesses that can address new market segments with agility.

our Presence



Upstream

Commercial

Refining & Midstream

Renewables & New Businesses

1. Portugal
2. Spain
3. Brazil
4. Angola
5. Mozambique
6. Cape Verde
7. Guinea-Bissau
8. S. Tomé and Príncipe
9. Namíbia
10. Kingdom of Eswatini
11. East Timor

1.2.

Value creation model

Inputs

Financial Capital

€8,021 m
cost of goods sold RCA

€898 m
capital expenditure

€1,473 m
supply and Services RCA

€49.8 m
in the protection of people, the enviroment and assets

€302 m
salaries and benefits

Natural Capital

9.9 millions m³
raw water

1,558 TJ
eletricity purchased

38,863 TJ
consumed primary energy

€4.4 m
investment in eco-efficiency in refining

Human Capital

6,114
employees

43%
women

51
nationality

11
countries

€210
trainining by employee

>169 thousand
hours of training

187
hires

Intellectual Capital

€14.6 m
innovation and R&D

>€180 m
innovation and R&D investment until 2025

114
master degrees on Oil engineering since 2014

Social and Relational Capital

59.18%
free float

2,814
suppliers

50
relevant partnerships with sector and associations and entities

75%
local purchase

99%
local hiring

766
volunteer hours

Business Model

Galp assumes an integrated approach to sustainable value creation, by anticipating risk, maximising apportunities and building strong and lasting relationships with stakeholders.

Business segments

Upstream

6 countries
of which three core: Brazil, Mozambique and Angola

130 kboepd
WI average production

700 mboe
2P reserves

1,720 mboe
2C contigent resources

42 projects

Refining & Midstream

330 kbpd
refining capacity

87.1 mboe
Processed raw materials

13.9 mton
Oil products sales

173 MW
cogeneration capacity

Commercial

6.0 mton
total oil product sales

1,475
service stations

22.9 TWh
total NG/LNG sales

3.3 TWh
total electricity sales

Renewables & New Businesses

Largest solar player in Iberia

372 GWh
Renewable energy generated

926 MWp
Installed capacity for renewable generation

98 ktonCO$_2$
Avoided emissions

1.2. **Value creation model**

Outputs

€11,381 m
RCA turnover

€1,570 m
RCA Ebitda

-€42 m
RCA net income attributable to the shareholders of Galp Energia SGPS, S.A.

1.5x
net debt/ RCA Ebitda

€1,025 m
cash flow from operations

€0.35
dividend per share

5.9 million m³
waste water

7
contention losses that reached the environment

0.07 *Tier 1*
0.48 *Tier 2*
process safety events rate

869 tonCO_2
CO_2 (*Flaring*) – E&P Operated

27.9 kton
waste

56%
waste recovered

CO_2e - scope 1
3.1 mton

CO_2e - scope 2
0.04 mton

0.5 LTIF
lost-time injury frequency

0
fatalities

91%
trainees retention after the first year

99%
employees assessed

2.6%
turnover

7.47%
absenteeism

€4.57
ROI on human capital

> 100
innovation projects implemented

6
technology programmes in Upstream

30
R&D projects in Upstream in Brazil

7
CCUS projects

€21.4 m
community investment

over **4,400**
energy classes in the past nine years

€12,890 m
economic value distributed

€2 m
in relevant partnerships with sector entities and associations

7
whistle-blowing reports received

57%
resolved

1.3.

Approach to materiality

Galp's material aspects are all those which can significantly interfere in the ability to generate value for the Company and its stakeholders.

Potential material aspects

Following internationally recognised benchmarks, Galp identifies and internalises the potential material aspects through the analysis of the internal and external context, global, sector and Organisation trends and benchmarking with peers and other reference companies.

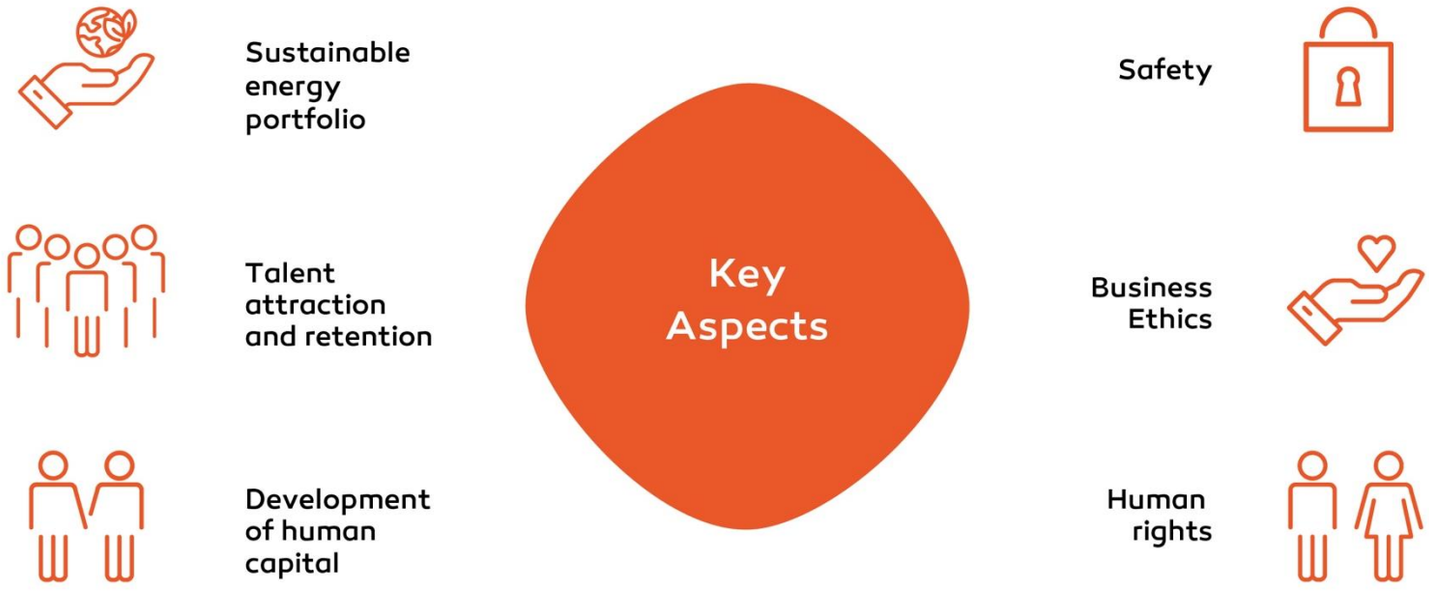
Stakeholder engagement

Galp considers dialogue and stakeholder engagement essential in order to know its key expectations regarding the Company's performance and comprehend its views concerning the importance of each topic. This feedback is obtained through a formal, periodic and systematic process of listening to key Galp stakeholder groups.

1.3. **Approach to materiality**

Materiality Matrix

The materiality matrix results from prioritising the most relevant aspects for key stakeholders (external) and for the Company (internal). For these issues, Galp has set goals and targets whose progress is monitored and reported, namely through its Strategic Sustainability Plan.



Other relevant aspects

Corporate governance | Risk management | Research, technology and digitalisation | Product and service portfolio quality | Product and service innovation
Sustainable supply chain management | Fiscal strategy | Climate strategy | Circular economy | Operational eco-efficiency | Biodiversity and ecosystems
Water management | Security | Health | Work practices and conditions | Local community development | Citizenship and philanthropy

1.4.

Contribution to the sustainable development goals

Since 2015, Galp has been committed to contributing towards the 17 Sustainable Development Goals (SDG) set in the United Nations Agenda 2030.

In order to meet these challenges and leave its unequivocal mark on the development of a sustainable future, Galp's strategy and actions are in line with the SDGs, particularly with those to which Galp contributes and impacts the most.

Thus, when framed within the sector where it operates and considering its activities, these objectives become especially relevant for the Company: Material SDGs, direct SDGs and indirect SDGs.

Material SDG - Galp's Impact on Society

17. Partnerships for the goals

- Member of the WBCSD and BCSD Portugal
- Subscriber of the Voluntary Principles on Security and Human Rights
- Commitment to the 10 Universal Principles of the United Nations Global Compact

13. Climate action

- Subscriber of the Task-force on Climate-related Financial Disclosures initiative (TCFD)
- Subscriber of the Zero Routine Flaring Initiative by 2030
- 922,095 tonCO_2e of avoided emissions through renewable energy and energy solutions

12. Responsible consumption and production

- €4.4 m real investment in 2020 in eco-efficiency projects in refining
- Acquisition of 100% renewable electricity in our operations in Portugal in 2021
- 17% of reused water in refining



7. Affordable and clean energy

- 20,600 m³ of biodiesel produced
- 327,202 MWh of renewable energy produced
- 38% of marketed electricity from renewable sources

8. Decent work and economic growth

- 99% of local hiring
- 10% of employees with less than 30 years
- 93% of employees covered by health safety insurance

9. Industry, innovation and infraestructure

- More than €181 m of innovation and R&D investment planned until 2025
- €14.6 m invested in innovation and R&D
- Founder member of the Singularity University Portugal and partner of the Heriot-Watt University

Material SDG	Direct SDG	Indirect SDG
7 | 8 | 9 | 12 | 13 | 17	3 | 6 | 11 | 14 | 15 | 16	1 | 2 | 4 | 5 | 10

1.4. **Contribution to the sustainable development goals**

Recognition for best sustainability practices

Galp's commitment to creating value through best practices in the environmental, social and corporate governance fields has being consistently recognised by the most prestigious independent organisations.

In the *Dow Jones Sustainability Indices*, Galp was again ranked as the most sustainable Company in Europe in its sector and the third best in the world. In addition to repeating last year's global score in this ranking – the best ever in the company's nine years of presence in these indexes – Galp also increased its percentile to 97 points. Galp leads the 2020 DJSI in the criteria of "Materiality", "Environmental Reporting", "Operational Eco-efficiency", "Climate Strategy", "Water Related Risks", "Social Reporting" and "Human Capital Development."

The CDP Climate ranked Galp as one of the Oil and Gas companies that most effectively enacted climate change-related best practices, improving on the previous year's record and achieving "Leadership A-" level. The score beats the European regional average of "C" across all sectors, as well as the "B" average for the Oil & Gas Processing sector, in which only one out of three companies attained Leadership level. Galp stood out for the integration of climate risks and opportunities in its business strategy and financial planning and for its emission-reduction initiatives.

During the year, Galp also confirmed its triple-A rating (AAA) at MSCI and maintained its position in the top 5 among the 50 integrated Oil & Gas companies assessed by Sustainalytics.

Galp was once more selected for the Bloomberg Gender Equality Index, which assesses the practices and policies of gender equality of listed companies, as well as transparency in the provision of information on this topic.

For more information about the recognitions awarded to Galp in 2020, please see our website here.

1.5.

Galp in the capital markets

Shareholder structure

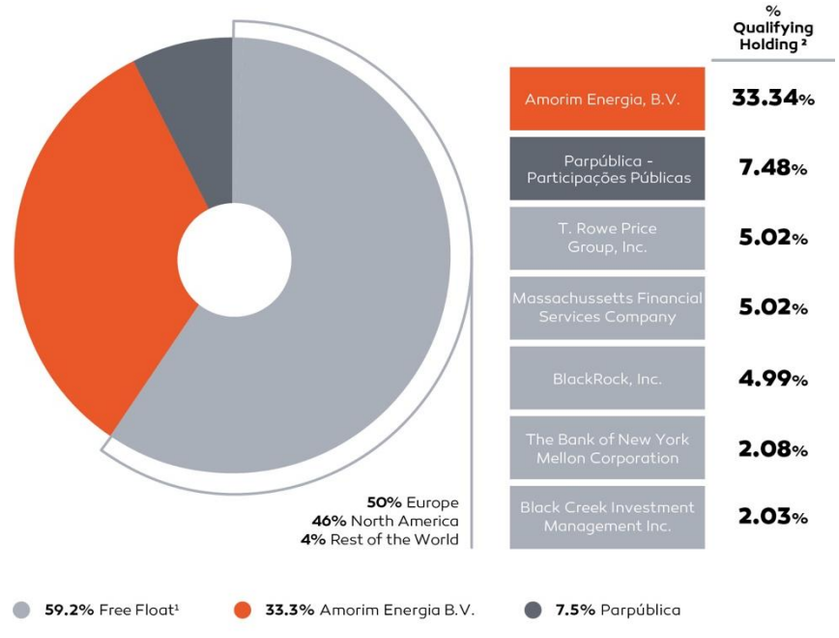
Galp as been listed on Euronext Lisbon since 23 October 2006.

Galp's share capital comprises 829,250,635 ordinary shares with a nominal value of €1, of which c.93% are listed on Euronext Lisbon. The remaining shares, around 7% of the Company's share capital, are held indirectly by the Portuguese State through Parpública - Participações Públicas, SGPS, S.A. (Parpública). All shares grant the same voting and economic rights.

At the end of 2020, approximately 86% of the free float, was held by institutional investors from 34 countries.

For more details on the shareholder structure, please refer to Part II of this report - Corporate Governance Report, or our *website*.

Shareholdings as of 31st December 2020



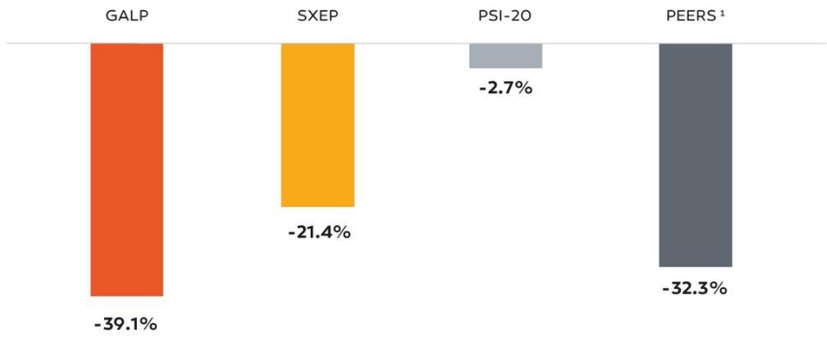
¹ Number of shares listed not held by long-term shareholders (closely-held shares)
² The qualifying holdings in Galp's share capital as at 31 December 2020 were calculated in accordance with the Article 20 of the CVM and were communicated to Galp in accordance with Article 16 of the CVM.

1.5. **Galp in the capital markets**

Galp share performance

At the end of 2020, Galp had a market capitalisation of around €7.3 bn, a 41% decrease compared to the end of 2019. The total shareholder return (TSR) during the year, considering the share devaluation and the dividends distributed, was -39.1%.

Total shareholder return in 2020



Source: Bloomberg ¹BP, ENI, Equinor, OMV, Repsol, Shell and Total

Share price @ 31st December, 2019	€14.90
Share price @ 31st December, 2020	€8.75
Minimum share price during 2020	€6.82 @ 29th October
Maximum share price during 2020	€15.76 @ 6th January
Total shares traded	1,762 million shares
Shares traded on the regulated Market (Euronext Lisbon)	581.3 million shares
Average daily shares traded	6.8 million shares
Average daily shares traded on the regulated market (Euronext Lisbon)	2.3 million shares

Analysts' coverage

The Galp share is currently followed by 24 financial analysts, who produce their research analyses on the Company as well as estimates for future results.

During 2020, JB Capital Markets, Nau Securities, Oddo BHF and Redburn began monitoring Galp's share and BIG, BBVA and Deutsche Bank stopped their coverage of the Company.

As of 31st December, 2020, the average target price of Galp share was €12.0, with 52% of the analysts recommending purchasing, 48% holding and no selling recommendations.

The evolution of recommendations and target prices issued by the various institutions can be seen on our *website*.

1.5. **Galp in the capital markets**

Distribution of dividends

Considering the effects on the Group's results during 2020, caused by the acute drop in demand and prices and by operating restrictions, largely due to the global pandemic, as well as an uncertain outlook for 2021, the Board of Directors will propose to the Annual General Shareholder Meeting a dividend of €0.35 per share related to the 2020 fiscal year.

Participation in the annual general shareholders meeting

Galp's 2020 Annual General Shareholder Meeting was held on April 24th and the main items on the agenda were the integrated management report, individual and consolidated accounts and other financial statements for 2019 fiscal year. In addition, a proposal for the allocation of the 2019 results was approved. The Board of Directors, the Audit Board and the Statutory External Auditor's performance during the fiscal year of 2019 was also assessed.

A decision was taken on the Remuneration Committee's statement on the remuneration policy for the management and supervisory bodies and members of the Board of the Shareholders' General Meeting, as well as on the granting of authorisation to the Board of Directors for the acquisition and sale of own shares and bonds or other own debt, by the Company and its subsidiaries instruments. 68 shareholders attended or were represented at the General Meeting, representing 686,201,368 shares, or 82.8% of the Company's share capital. All proposals submitted for deliberation were approved.

Information to the bondholder

Bonds outstanding under the *Euro Medium Term Note* (EMTN) programme

Name	ISIN	Date of Issue	Maturity	Amount	Coupon	Yield at end of year (%)	Var. from pricing (bp)
Galp 3.000% 01.2021	PTGALJOE0008	14-07-2014	14-01-2021	€500 m	3.000%	(0.1)	(325)
Galp 1.000% 02.2023	PTGALLOM0004	15-11-2017	15-02-2023	€500 m	1.000%	0.5	(56)
Galp 2.000% 01.2026	PTGALCOM0013	18-06-2020	15-01-2026	€500 m	2.000%	1.3	(78)

1.6.

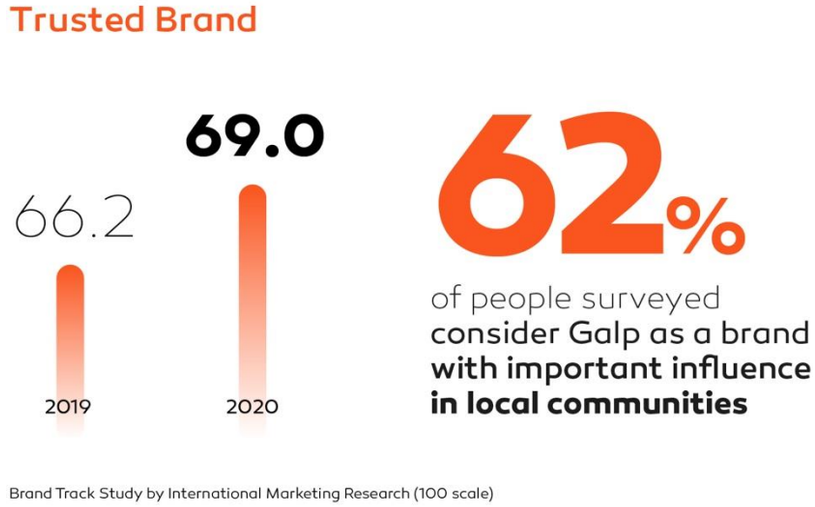
Our brand

The brand's challenge during an unexpected year

The year 2020 marked an unprecedented test not only to the resilience of companies' activities and operations, but also to the leading role that brands must assume in society and in everyone's life. For this reason, Galp has adjusted its plans, established new priorities and understood that the brand impact would have to be felt. In order to achieve this goal, it was required to proceed with a radical adaptation of everything planned in view of the outbreak of the Covid-19 pandemic at the end of the first quarter, further emphasizing our essential purpose, that people's lives cannot stop.

Strengthening Galp as a brand even closer to people

In view of the challenge of unexpected change, Galp has assumed the role of "life enabler", putting into action a contingency plan aimed at ensuring the well-being of employees and the operation of critical infrastructures for the economy and consumers. G-Loud, a new aggregating platform for Galp employees, was launched, facilitating and optimising remote work and access to transversal tools, news and Galp initiatives, and which is now used by everyone in all the geographies where Galp is present. With an average of 5,600 unique users and well above 50,000 monthly page views, the platform is available in every employee device connecting everybody in the 3 languages we use at Galp.



Brand Track Study by International Marketing Research (100 scale)

When the inevitable economic impact of the pandemic was felt, Galp announced that it would not interrupt supply to those who lost income and opened the door to the negotiation of specific payment terms. And it went even further, mapping out the most urgent needs in the geographies where it operates and taking unprecedented steps: In Portugal, it offered 171 lung ventilators to the National Health Service (NHS), offered fuel to health entities, provided free energy for a month to 500 welfare institutions,

1.6. **Our brand**

offered energy to field hospitals, provided the gas heating hotspots that heated shelters installed in Lisbon for the homeless, was a mobility partner of the Emergency Food Network, and joined TVI and Rádio Comercial to provide a "Truck of Hope" which travelled to the most isolated areas, to do around 100 Covid-19 tests per day.

In Spain, the Company joined UberEats in the Save the Children programme delivering baskets of essential goods to over 1,500 families facing economic difficulties. In Brazil, Petrogal Brasil participated in the FioCruz Programme, an emergency fund created to support pandemic response actions such as the construction of a Hospital Center, the production and optimisation of tests, among other actions.

In Mozambique, in partnership with the Non-Governmental Development Organizations (NGDO) Helpo - in addition to prevention and awareness initiatives for Covid-19 - Galp volunteers were very active in the distribution of individual protection materials at health posts and childcare centres, in an initiative that benefited over 70,000 people.

Pointing to the future and leading the way

The proactivity with which the problems generated by the pandemic were addressed in the global market and in the lives of individuals, had a visible effect on the perception of the Portuguese people, in relation to the Galp brand, which was evaluated as one of the 10 most relevant brands in Portugal in response to the support of society and its citizens, in a study conducted by Nielsen.

Additionally, in the study on Reputation and Emotional Relationship of brands with Portuguese citizens during the first six months of the pandemic period, in the scope of the annual study RepScore™, the data collected by the consultancy OnStrategy placed Galp as the brand with the best reputation and emotional relationship index in the energy sector, with a value of 74.4 pts/100. This result was the consequence of the path that the brand has been taking in terms of strengthening its reputation, with a growing closeness to people, an increasingly detailed attention to customer needs and a very present focus on sustainability issues.

Innovating with the usual energy

Although the pandemic has put on hold some of the pillars that the Company had defined for the communication of its brand in 2020 - namely the sponsorship of the National Team in Euro2020 and the sponsorship of festivals such as Rock in Rio, the Galp Beach Party or the *Festival Músicas do Mundo* - Galp has not stopped working on some of its strategic axes, in spite of the new reality.

The "What if life started now?" format was a perfect example of adaptation to a very specific context. During the weekend that would mark the beginning of the festival, Galp and Rock in Rio joined forces for a special broadcast of several hours, on social networks and TV - SIC Radical, which brought together the artistic community and fans. And in the last quarter of the year, the two brands launched the "Cria-te" platform, which is aimed at boosting mental health, self-discovery and knowledge/education.

1.6. **Our brand**

The Company's focus on innovation and the pursuit of new business models has also not stopped, and has continued to strengthen the brand's status as the most innovative brand in the energy sector (Brand Track Study by International Marketing Research). The launch of the new Innovation Factory Up - Upcoming Energies, managed to bring Galp closer to the innovation, entrepreneurship and start-up ecosystem, Flow, in the area of intelligent mobility, or EI – *Energia Independente*, a Company focused on solar self-consumption, which served to reinforce Galp's image as a reference point for sustainability (Brand Track Study by International Marketing Research).

In summary, and although 2020 was a very challenging year in terms of performance also for the Galp brand, the Company improved its score in almost all evaluated dimensions, especially in the indicators of trust and social/citizenship responsibility. At the end of this year, according to OnStrategy's assessment, the Galp brand was estimated to be worth about €1.27 bn in 2020, in line YoY - and remaining the second most valuable brand in Portugal.

Finally, in an absolutely atypical year that turned plans, strategies and budgets for 2020 upside down, Galp kept innovating and being attentive to new customer needs, while responding to emergencies arising from the pandemic.

In a new context, in unknown territory, but with the usual energy.





Strategic framework



2.1.

How we plan the future

After a particularly unpredictable year, we all realise that in the complex system in which we live, the future should never be taken for granted. Some trends saw a clear acceleration, such as digitalisation and the energy transition, while others, which seemed obvious, such as globalisation, were called into question.

In order to ensure that we are prepared for a wide range of possible futures, namely their impact on the energy value chain in different geographies, Galp includes in its strategic planning a process of critical reflection on the future. This encompasses, among other aspects, the conception of scenarios that we consider to be credible depending on the possible evolution of a group of uncertainties.

In order to ensure that Galp is part of the solution to face today's and tomorrow's challenges and to guarantee the resilience of our strategy, we have developed two alternative and contrasting scenarios. These scenarios are based on the premise that technological development is and will continue to advance and contribute positively to less carbon intensive energy solutions. However, uncertainty related to the global agreement on carbon emissions reduction and its potential impact on global trade agreements should play a key role in unlocking future technologies and accelerating the decarbonisation of the energy sector on a global scale.

2.1. How we plan the future

Our scenarios

Fragmented

In a **less globalised world**, with **scattered policies** and **trade barriers**, **disjointed regulation** is unable to unlock the full technological potential, **preventing an adequate energy transition**

Not all clean technologies become competitive – some of them will have to be heavily supported (**e.g., H_2 and efuels)**

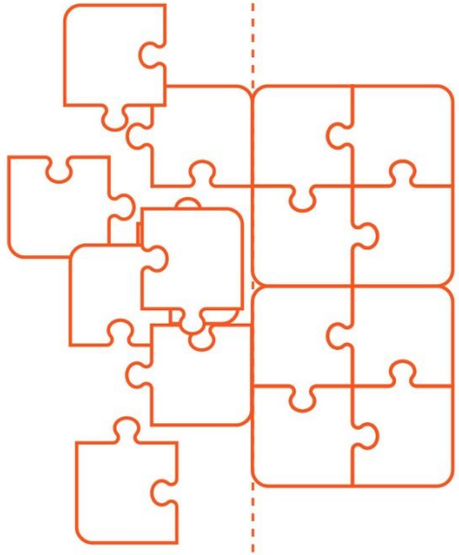
Gas and CCS play a big role in transition

Lower global GDP growth due to deglobalisation, higher taxes and tariffs

EU keeps targets to **become carbon neutral by 2050** but loses competitiveness

Energy transition at different paces across regions

Lack of trust promotes **carbon trade wars between EU, US, China** and other relevant Asian markets



Committed

A renewed **alignment** amongst major geopolitical blocks promotes **commercial** trade and develops an **adequate political framework** for decarbonisation, **reducing global emissions to promote a 1.5ºC-compliant course**

Most zero-carbon technologies become cheaper than fossil fuels

Renewables, H_2 and synthetic fuels are the backbone of a new energy ecosystem

Global GDP accelerated by new technologies

EU reaches carbon neutrality by 2050 and promotes a virtuous **decarbonisation** cycle, pushing others to **accelerate transition**

Most light-duty vehicles become electric and autonomous

H_2 and synthetic fuels allow **decarbonisation of hard to abate segments**

2.1. How we plan the future

Fragmented scenario

In a less globalised world, the various geographical blocs implement dispersed policies and trade barriers, resulting in unbalanced regulation incapable of unlocking the full technological potential, and preventing an adequate and effective energy transition in the combat against climate change.

International agreements and institutions lose relevance due to their inability to deal with a fast and volatile world where major economies focus exclusively on themselves. Economic protectionism is increasing, which also leads to increased political tension between the main geopolitical blocs. The uncertain economic and regulatory environment, together with the strong trade barriers, makes financing for large investments increasingly difficult to obtain. This context causes a slowdown in the economic growth, heavily impacted by tax increases and the strong state control over the economy. Not all green technologies become competitive, which means some of them need to be subsidised.

In a reality where there is a lack of coordination between the various blocs, each region adopts its own decarbonisation strategy, prioritising national energy security and its endogenous resources, which hinders the achievement of the climate goals of the Paris Agreement. Even so, some regions like the European Union continue to use carbon neutrality as their flagship by fostering this goal through regulation, using carbon tariffs to maintain their competitiveness against imports and exports.

Urban centres turn into clusters of neighbourhoods, where all the necessary services are within a maximum distance of 15 minutes, with internal combustion engine vehicles gradually being removed from cities, and public transport serving as means of transport in the centres. Companies and schools are responsible for the mobility of their employees/students, promoting proximity policies and remote work.

While mobility patterns change in more densely populated cities, currently with more shared and decarbonised mobility, longer distance transport remains quite similar to what we know today. Technological development has not been enough to change heavy and long-distance transport, which is still based on fossil fuels, although with a significant increase in the inclusion of low-carbon fuels. Industry's transition also did not have the impact initially expected, and most factories continue to rely on an energy matrix similar to the current one.

Different regions have quite different views on carbon capture and utilisation technologies, as well as on emissions allowances and offset credits. On the one hand we see a European Union focused on developing emission control areas and promoting emissions reduction, on the other hand, we see regions promoting decarbonisation exclusively through capture and utilisation technologies and, in more extreme cases, emissions offsetting systems.

2.1. How we plan the future

Committed scenario

A new global agreement amongst the main geopolitical blocs promotes free trade and develops an appropriate economic, political, and regulatory framework for decarbonisation, reducing global emissions at a pace compatible with the 1.5°C goal.

The main geopolitical blocs reach a consensus on their positions on environmental, economic and social issues in major global organisations such as the United Nations, the World Trade Organisation and the World Bank. Global value chains quickly adapt and become more resilient, with digitalisation allowing for increased transparency and cost reduction. Regulatory stability and transparency of operations promote increased long-term investment, accelerating the energy transition while economic development remaining solid, even with a slower population increase, as developing countries are able to improve their living standards. The growth of world GDP is accelerated by the global consensus and the development of new technologies, specifically the so-called green technologies. Clean technologies become cheaper than fossil fuels.

The global agreement to reduce emissions is periodically ratified and reviewed, demonstrating the growing ambition of political leaders worldwide, as well as of large companies and the financial sector, which joined the agreement as a way to accelerate emission reduction through corporate action. The European Union is setting neutral by 2050, a commitment that was initially pioneering, but ultimately influences the rest of the world to implement similar measures to promote energy transition and emission reduction.

Globalisation is thriving and trade between different regions of the globe is intensifying, while the development of new energy and technological solutions means that less energy is needed to carry out this trade. Mobility is changing, in relation to what we know today, popularising mobility as an autonomous, decarbonised and shared service.

The reduction of mobility costs, along with remote work and education, leads many families to move to larger houses in the suburbs, changing the urban landscape as we know it today. Power generation also becomes much more decentralised, often going beyond self-consumption, and promoting micro-generation communities that support the balance of the electrical grid.

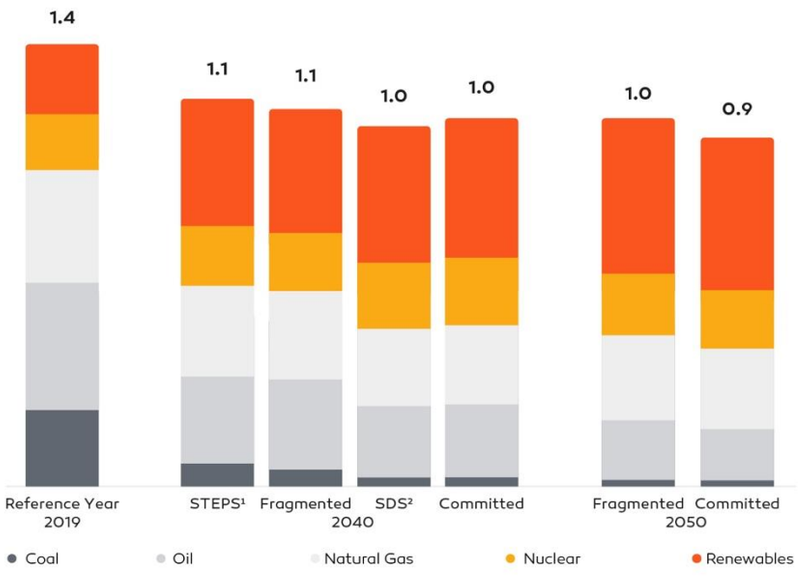
The decarbonisation of the most emission intensive sectors, such as industry and heavy-duty vehicles, is supported by the development of new technologies that enable the continuous increase of their activity, but for the first time without increasing the aggregate emissions.

Markets for trading of emissions allowances and offset credits have a global framework and now exist in several countries. The increased transparency associated with these markets contributes to their growth and to the reduction of global emissions.

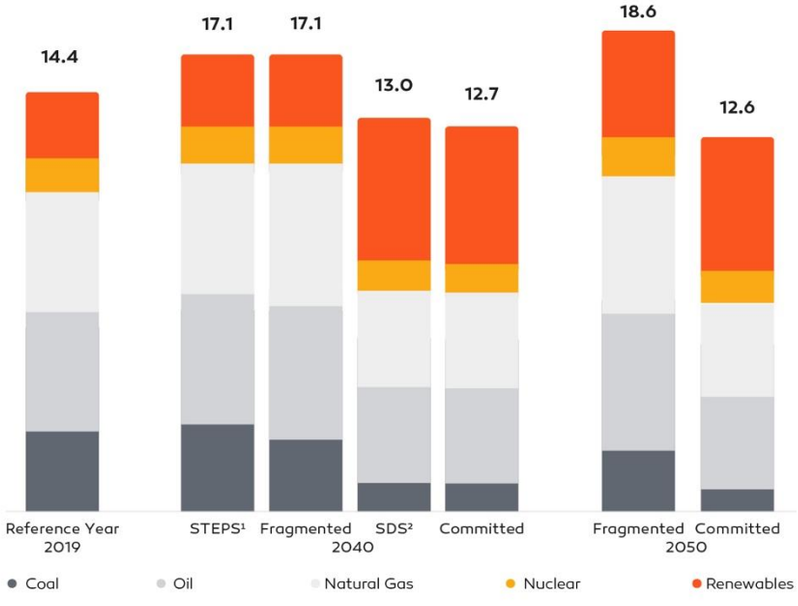
2.2.

Our strategy

European Union Primary Energy Demand (Gtoe)



Global Primary Energy Demand (Gtoe)



¹ Stated Policies Scenario
² Sustainable Development Scenario

We aim to energise the lives of our customers on a daily basis with the most sustainable solutions. We seek to create a strategy that tackles the current and future context of energy and mobility, ensuring Galp's resilience and agility in an increasingly complex, fast and ever-changing world. As an integrated energy Company we are focused on the development of sustainable businesses that generate value, through a diversified portfolio of energy generation, ranging from oil and natural gas production to renewable energies, with an industrial background geared towards the new market needs, through the adaptation, efficiency and continuous transformation of its processes, and with more innovative commercial solutions that promote the energy transition of our customers and consumers. The organisation, skills and business that we have developed to date are the basis that allow us to put this strategy into practice. Successful partnerships in key projects and Galp's

2.2. **Our strategy**

international presence and cultural ties in many countries show our ability to develop strong partnerships and a cross-cutting vision of our activity. The energy transition will require transforming the way our customers consume (and produce) that energy, catalysing the adaptation to new commercial value pools. Galp's flexible and close asset base, particularly in Iberia, is the ideal starting point for this transformation, keeping Galp a constant presence in the lives of its customers, both today and in the future.

The way energy is transformed will also be different in the future, requiring an adaptation of existing industrial assets. The progressive decarbonisation and digitalisation will lead to these assets being converted into industrial energy hubs. Galp is preparing to make use of its industrial skills and experience to ensure the technological transformation and fair transition of its refining.

As in any transition, better prepared companies will have an advantage over the competition. We believe that our skills and resources ensure that we have the agility to enter new markets and differentiating businesses effectively, with a clear focus on value generation.

Based on this strategic vision, we have established an integrated view to support the development of the various businesses, according to their stage of maturity, the sustainable generation of value and the growth of the Company.

Upstream

Galp is focused on the growth of its Upstream business, based on assets oriented to value creation, even in adverse macro conditions. We seek to extract maximum value from our assets by optimising key positions and dynamic portfolio management, creating investment and divestment options that ensure business resilience.

Aligning the Upstream business with the energy transition is part of our business strategy. Galp promotes an active participation in its partnerships, aiming at the development of its main assets, through its constant optimisation and operational excellence, contributing for the reduction of its activity's carbon intensity.

Refining & midstream

The transformation of industrial assets and other midstream activities is crucial, with the goal of progressively adapting them to the evolving needs of the market, through the reduction of associated emissions and greater optimisation and integration, which ensure maximum value extraction from these assets.

Galp will continue to follow a strategy of adapting its refining system to European Union goals in the field of decarbonisation, circular economy and energy transition. The increased efficiency and flexibility of our assets will be complemented by greater integration with trading activities, with a view to optimising the integrated margin.

These activities also include other products, such as natural gas, where we want to maximise opportunities in the global market, developing new opportunities to increase the value generation of the portfolio.

2.2. **Our strategy**

Commercial

We want to strengthen our commitment to positioning the client at the centre of all our actions and act as an enabler for people, companies, and cities. The response to changes in consumption patterns is made on a daily basis and is only possible through Galp's support and constant presence in its customers' lives, both through a physical platform, with the convenience and proximity of our network, and through a digital platform, accompanying our customers throughout their daily journey.

The joint management of these platforms puts us in an advantageous position to provide the energy of today, but also that of tomorrow, to explore new mobility trends, together with the communities where we operate, and to provide the convenience necessary for the life and business of our customers. Through an integrated approach and offer, as a one Galp, capable of delivering the products and services for the present and for the future, we support our clients' journey towards the decarbonisation and digitalisation of their consumption.

Renewables & new businesses

The need for society's decarbonisation has brought challenges to all economic sectors, especially in the energy field, which is responsible for a significant part of global emissions. Nowadays, it is clear that the way we generate, transform and consume energy will change, and with it, something that will be shaped and followed by the strategy of companies in different geographies. Galp intends to play an active role in the energy transition that society is facing, seeking to anticipate trends, develop a portfolio in line with future needs, establishing synergies with its current business whenever possible, and progressively reduce the carbon intensity of its activity and its customers.

Contributing to the decarbonisation of the economy, Galp will continue to invest in its renewable energy generation, based on proven technologies and differentiating projects, aspiring to increase its renewable generation installed capacity. Galp's current portfolio is based on c.3.8 GW of renewable capacity to be installed up to 2024, focused on Iberia, an advantageous market for Galp due to synergies with the electricity commercial activity. We will expand our portfolio based on investment opportunities and exploring our competitive advantages.

In a complementary way, Galp promotes the energy transition to its clients through the investment in decentralised renewable energy solutions.

As a Company that aspires to play an active role in the energy transition, we intend to continue the development of a differentiated portfolio of renewable energy generation and new at scale businesses, associated with the market trends, with an innovative approach.

The Group's capital allocation will thus be in line with the strategic pillars described above, and will be supported by the implementation of an active portfolio management aimed at covering investment needs, ensuring the existence of a solid capital structure and maximising the value of Galp's portfolio businesses. This allows for a competitive and balanced shareholder distribution in line with the Company profile.

2.3.

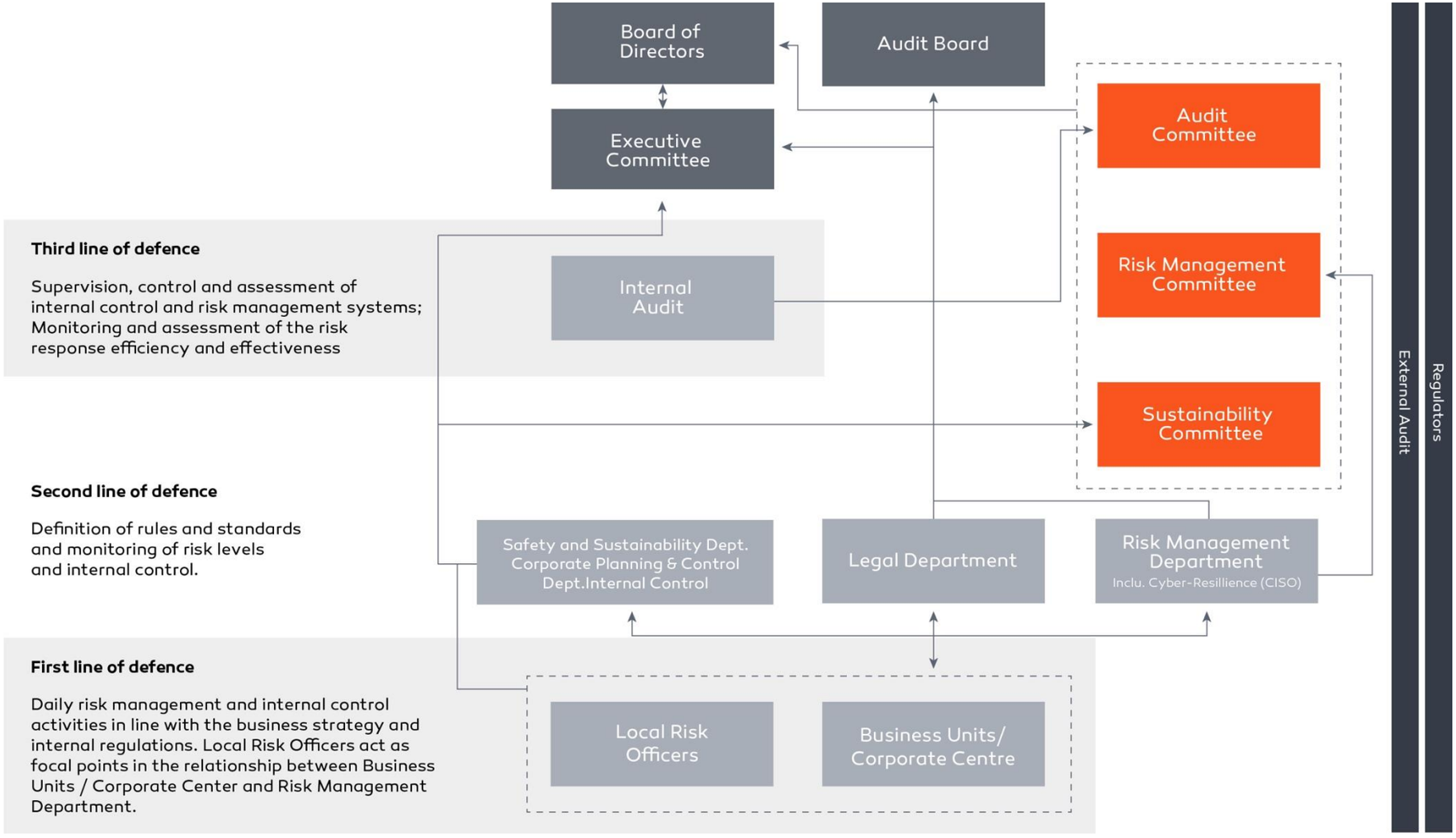
How we manage risk

As an integrated energy Company, Galp is exposed to risks that may have a negative impact on its operational and financial performance, reputation and market capitalization.

The management of these risks is based on a Risk Management Model, implemented through an integrated, continuous and dynamic process that involves the business units and Galp's corporate areas, and which is supported by the Risk Management Policy, the Risk Management Governance Model and the Internal Control Manual, approved by the Board of Directors.

The governance structure and organisation of risk management at Galp follows the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology and are structured according to the organisational model of the three lines of defence, in cooperation with the supervisory bodies, as represented in the image below:

2.3. How we manage risk



2.3. How we manage risk

The risks are grouped into categories according to their nature. Galp's main risk categories are presented in greater detail in Part II of this report - Corporate Governance Report, and are summarised in the table below.

	Risk Categories
Price	Galp's assets and results are dependent on several market factors, including the price of oil products, natural gas, Liquefied Natural Gas (LNG), electricity, as well as exchange and interest rates.
IT & Cybersecurity	A breach of Galp's digital security or failure of its digital infrastructure could hinder its operations, increase costs and affect its reputation. It is critical to ensure Galp's cyber and digital integrity and readiness.
Portfolio	The execution of Galp's strategy and its sustainability may be affected if the Company is unable to develop, maintain or efficiently manage a high-value asset portfolio.
Innovation	Failure to properly anticipate market changes and customer expectations can compromise Galp's long-term competitiveness and financial sustainability.
Market	In an environment highly conditioned by the dynamics of demand and supply, Galp's ability to adapt to new paradigms and react to competition is crucial to ensure good financial performance and achieve the strategic goals.
Project Execution	Galp's organic growth and results depend on the execution of its main investment projects.
Geopolitics	Exposure to political developments and consequent changes in the operating environment can undermine the operations and adversely affect the value of Galp's assets and results.
Business Continuity	Failure to effectively respond to crisis situations or disruptions may jeopardize the continuity of operations and damage Galp's reputation and shareholder value.
Credit	Exposure to credit risk may significant and adversely affect Galp's operational results and financial condition.
Legal	Legal and regulatory changes may alter the business context in which Galp operates, impacting its profitability.

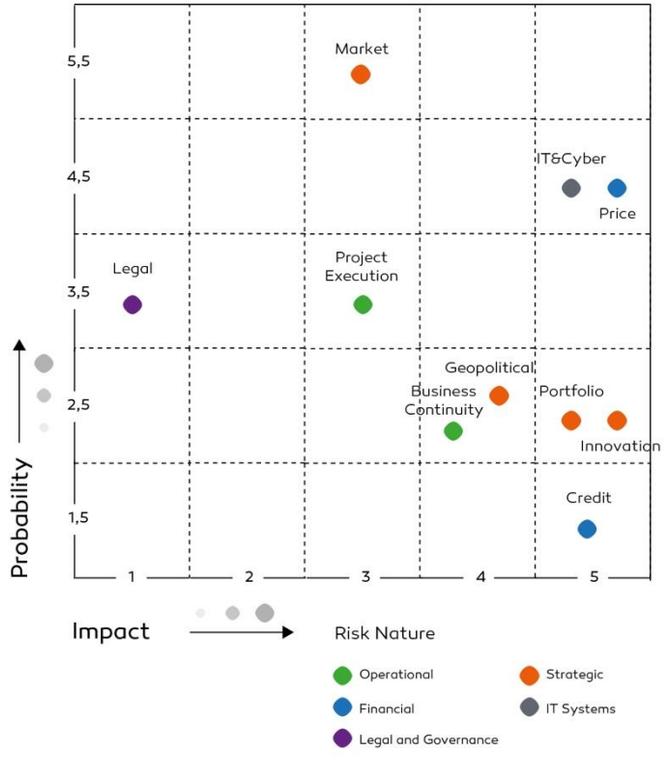
2.3. **How we manage risk**

Some of these risks are sensitive to climate change challenges and the transition scenarios for a low carbon economy, particularly those associated with regulation ("Legal"), future demand trends and potential increased competition ("Market"), fluctuations in hydrocarbon and other commodity prices ("Price"), and changes in the business model ("Portfolio").

Given the emerging nature of the risks and opportunities associated with the transition to a low carbon economy, and whereas its commitments, Galp has broadened the scope of its risk analysis, incorporating and regularly monitoring them.

The Risk Management Department performs a recurrent assessment of Galp's main risks and opportunities and monitors its risk profile. The severity of risks is assessed according to their probability of occurrence and level of impact, and risks are organised into "probability x impact" matrices.

Top 10 Risk Classes



Strategic execution



3.1.

2020 highlights



Adapting operations in a very challenging year

Following the Covid-19 outbreak, Galp promptly implemented a contingency plan which safeguarded the health and safety of its People, Customers, Suppliers and stakeholders, as well as ensured the Company's operational continuity.

Additionally, several initiatives were developed aimed at preserving the Company's financial strength under a context of a sharp decrease in demand and a lower, and more volatile, commodity macro environment.

In Upstream, Galp rescheduled the key development plan. The operations were impacted by the pandemic and preventive measures were rapidly strengthened to ensure the safety of people and the continuity of operations.

In the Commercial segment, we implemented immediate operations and cost adjustments, innovating and adapting the non-fuel offer to reach new clients. Galp has adapted its operations in order to ensure maximum hygiene, implement prevention measures, without any interruption in the energy supply in the markets where we operate.

In Refining, we reduced operational levels, mitigating potential impacts, as well as adjusting the maintenance scheduling. The flexibility of the refining system allowed a swift adaptation of operations with the shutdown of the Sines refinery for one month and several units in Matosinhos to cope with the reduced demand and the high level of inventories during the period.

In Renewables & New Businesses we adjusted the portfolio development plan, in order to comply with our capital expenditure commitments.

Finally, Galp adjusted its corporate and business units structures, making the Company more efficient and lean, while at the same time, implemented important cash preservation measures, drastically reducing its investment plan to protect the Company's financial health.

Support to communities affected by the Covid-19 pandemic

Galp has supported over 500 entities and developed, in cooperation with several institutions, a series of support measures to assist in the fight against Covid-19 in the communities where it operates. Among the measures adopted, we highlight the offer of lung ventilators to hospitals, the offer of Covid-19 tests in a mobile unit reaching remote regions, the supply of energy to new health units for Covid-19 treatment, the fuel support to emergency vehicles and fire-fighters, and the offering of Galp's advertising space to NHS in order to spread prevention messages, among other measures. You can check out all the measures adopted by Galp to combat Covid-19 in its multiple geographies here.

3.1. **2020 highlights**



Tupi and Iracema production milestone and partners to submit an updated development plan

The Tupi and Iracema fields, located in the Brazilian pre-salt of the Santos Basin, reached the production plateau of the initial development phase after the completion of the floating production storage and offloading unit (FPSO) ramp-up in the Tupi North area in 2020. During the last 10 years, these fields have surpassed the historic 2 bn boe production mark, confirming their extraordinary characteristics and the scale of the reservoir.

In October, the partners agreed on the preparation of an updated Development Plan for the Tupi and Iracema fields, in tandem with the sale of unit P-71. This plan shall be submitted to the Brazilian energy sector regulator (ANP) during 2021, aiming to identify additional development projects resilient to low oil prices and will include evaluations for a potential field life extension request.

Agreement on integrated gas system in the Santos Basin in Brazil

Together with partners in the Santos Basin pre-salt pipelines, a new integrated framework for offshore natural gas export and onshore processing has been agreed. These new agreements will reformulate the export and processing of gas from the pre-salt fields of the Santos Basin, integrating all available export routes and processing infrastructure.

The combination of the integrated framework for gas export and processing increases the partners operational flexibility and development solutions optimisation. Additionally, this new framework provides optionality for gas marketing activities, in alignment with the Brazilian gas market ongoing liberalisation process.



Adapting commercial supply to new needs and market trends

As part of the energy transition, Galp continued to expand its presence in the Iberian electricity market, reaching a total of 544 installed charging points by the end of 2020, as well as the expansion of fuelling

3.1. **2020 highlights**

stations with access to compressed natural gas (CNG) and liquefied natural gas (LNG). In the supply of home electricity, Galp now has green energy plans, both for individual customers and companies.

The Company also developed its non-fuel offer, having a stronger digital presence through new partnerships with brands such as Uber Eats and Glovo and with the availability of new services.



Sale of the regulated gas infrastructure (GGND)

In 2020, Galp agreed to sell 75.01% of its stake in GGND to Allianz Capital Partners. The transaction was recognised in 2020, with the financial closing happening in 1Q21, with Galp remaining with a 2.49% stake. This transaction is part of Galp's asset rotation strategy, crystallizing value and strengthening the Company's financial position.

Galp concentrates refining operations in Sines

Structural changes to the consumption patterns of oil product, driven by the European regulatory context and the effects of the Covid-19 pandemic, have had a significant impact on Galp's downstream industrial activities.

After a rigorous assessment of alternatives, Galp decided to focus its refining activities and future developments in the Sines complex and to discontinue refining operations in Matosinhos from 2021 onwards. Galp will continue to supply the regional market, maintaining the access of the maritime terminal, storage and distributing facilities in Matosinhos and is currently assessing usage alternatives for the complex.



Galp strengthens its position as one of the main solar operators in the Iberian Peninsula

During 2020, Galp positioned itself as the major producer of solar energy production in the Iberian Peninsula. In September, Galp and ACS completed the transaction to form a joint venture to develop, build and operate solar photovoltaic (PV) projects in Spain, with a generation capacity of 2.9 GWp.

In November, Galp reached an agreement to acquire additional solar PV projects under development, in Spain, with a capacity of 359 MWp.

3.1. **2020 highlights**

By the end of 2020, Galp's total portfolio production and development capacity for generating renewable energy was c.3.8 GWp.

Galp launches EI - Energia Independente, a decentralized energy solution

Galp has taken another step in its commitment to the energy transition, through the decentralised generation of 100% renewable photovoltaic energy. The new company EI - *Energia Independente* focuses on the solar self-consumption market, and it is based on innovative technological tools that identify the potential of each roof, build a personalized proposal for each costumer and once the PV system is installed, continuously monitor its performance. This allows to maximise the return of each installation.

Developing the mobility of the future

Launching of GoWithFlow, sustainable mobility management platform and a new agreement signed with Mobi.e for the management of the electric mobility network.



Alignment with EU climate ambitions in 2050

Galp reasserted its decarbonisation strategy, reinforcing the commitment to align its portfolio and operations with the vision of carbon neutrality in Europe by 2050. The Company's strategy will continue to be based on opportunities for sustainable growth, in sync with the energy transition.

Recognition for best sustainability practices

Galp's commitment to creating value through best practices in the environmental, social and corporate governance fields has once again been recognised by the most prestigious independent organisations. In the *Dow Jones Sustainability Index*, the Company was again ranked as the most sustainable Company in Europe in its sector and the third best in the world. The CDP Climate ranked Galp among the Oil & Gas companies that have most effectively implemented the best climate practices, reaching the level of "Leadership" and "A-" rating. During the year, Galp also confirmed its triple-A rating (AAA) at MSCI and maintained its position in the top 5 among the 50 integrated Oil & Gas companies assessed by Sustainalytics. For more information about the recognitions awarded to Galp in 2020, please see our website here.

3.1. **2020 highlights**

Financial indicators

€m (except otherwise noted)	2019	2020
RCA Turnover	16,570	11,381
RCA Ebitda	2,381	1,570
IFRS Ebitda	2,219	1,113
RCA Ebit	1,387	427
IFSR Ebit	1,232	(282)
RCA Net income attributable to the shareholders of Galp Energia SGPS, S.A.	560	(42)
IFRS Net income attributable to the shareholders of Galp Energia SGPS, S.A.	389	(551)
Capital expenditure	856	898
CFFO	1,890	1,025
Post-dividend free cash flow	232	(501)
Net debt	1,435	2,066
Net debt to RCA Ebitda	0.7x	1.5x
Dividend per share (€/share)	0.70	0.35

Market indicators

	2019	2020
Average exchange rate EUR:USD	1.12	1.14
Average exchange rate EUR:BRL	4.41	5.89
Dated Brent average price (USD/bbl)	64.2	41.8
Heavy-light crude price spread[1] (USD/bbl)	(0.6)	(0.8)
Iberian MIBGAS natural gas price (EUR/MWh)	15.4	10.2
Dutch TTF natural gas price (EUR/MWh)	13.5	9.5
Japan/Korea Marker LNG price (USD/mbtu)	5.5	3.1
Iberian oil market(mton)	65.7	51.9
Iberian natural gas market (TWh)	466	427

Source: Platts for commodities prices; MIBGAS for Iberian natural gas price; APETRO and CORES for Iberian oil market; REN and Enagás for Iberian natural gas market.
[1] Urals NWE dated for heavy crude; dated Brent for light crude.

Recognitions

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
SUSTAINALYTICS
MSCI ESG RATINGS AAA
EURONEXT (Euronext Eurozone ESG Large 80 Index)
FTSE4Good
Bloomberg Gender-Equality Index
Corporate ESG Performance Prime ISS ESG
SAM Sustainability Award Bronze Class 2020
CDP Supplier 2020

3.2. Upstream

2020 Highlights

- During 2020, the working interest (WI) production was 130 kboepd, an increase of about 7% when compared to the previous year, which reflects the greater contribution of projects under development in Brazil and Angola.
- The Tupi (previously Lula) and Iracema fields, reached the production plateau of the initial development phase after the completion of the FPSO ramp-up in the Tupi North area in July.
- An agreement was reached to file an updated Plan of Development (PoD) for the Tupi and Iracema fields, in tandem with the sale of unit P-71. This plan shall be submitted to the ANP during the year 2021, with the goal of identifying additional development projects and will include evaluations for a potential field life extension request.
- The partners of BM-S-8 submitted the Plan of Development for the first phase of the Bacalhau project to ANP, as well as awarded the respective front-end engineering design (FEED) contracts.
- In Mozambique, the Coral floating, liquefied natural gas (FLNG) project continues to progress as planned, with the last topside module lifting achieved in late 2020. The partners also continue their efforts to optimise the development concept of the Rovuma LNG onshore project.
- In São Tomé and Príncipe, after stake changes among the partners, Galp assumed the operatorship of block 12. In block 6, the new partnership continues to make progress in the preparatory work for drilling the Jaca exploration well.
- 2P reserves decreased 5.2% YoY to 700 mboe. Contingent resources 2C increased 2.4% YoY to 1,720 mboe.

Main indicators

	2019	2020
No. of employees	218	168
Reserves 1P (mboe)	404	385
Reserves 2P (mboe)	739	700
Reserves 1C (mboe)	498	525
Reserves 2C (mboe)	1,680	1,720
Average working interest production[1] (kboepd)	121.8	130
Average net entitlement production[1] (kboepd)	120.0	128.2
Carbon intensity in Upstream[2] ($kgCO_2e$/boe)	9.4	9.9
Oil and gas realisations - diff. for Brent ($/boe)	(7.3)	(5.6)
Production costs ($/boe)	3.6	2.3
DD&A[3] ($/boe)	14.4	14.7
RCA Ebitda (€m)	1,751	1,111
RCA Ebit (€m)	1,189	407
CFFO (€m)	1,133	826
Investment (€m)	600	326

Note: unit values based on net entitlement production.
[1] Includes the production of exported natural gas, excludes consumed or injected natural gas.
[2] Considers 100% of emissions from oil and gas production from operated blocks and the working interest from non-operated blocks.
[3] Includes provisions for relinquishment and excludes impairments related to exploration assets

130 kboepd
Average WI production

9.9 $kgCO_2e$/boe
Carbon Intensity

2.3 $/boe
Production Costs

2.4 bn boe
2P Reserves and 2C Resources

3.2. **Upstream**

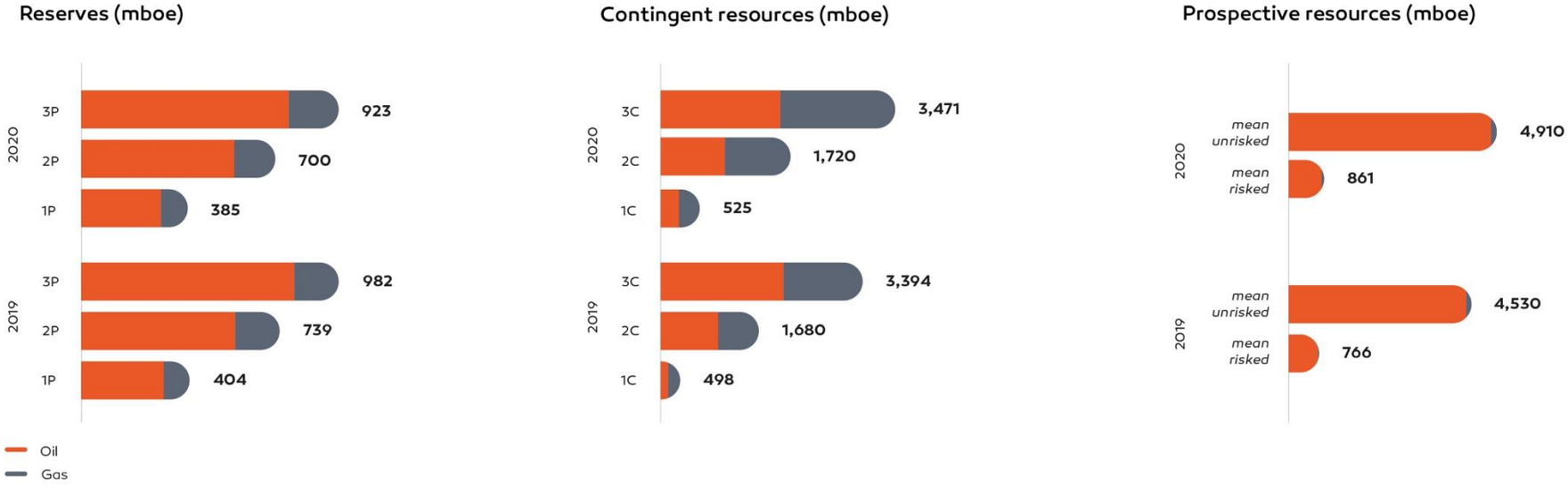
Development of reserves and resources

In 2020, proven and probable reserves (2P), together with 2C contingent resources, remained stable YoY at 2.4 bn boe.

2P reserves decreased 5% YoY, to 700 mboe, mainly reflecting the production during the period, as no Final Investment Decisions (FID) were made in 2020. Natural gas reserves represent 21% of current 2P reserves.

2C contingent resources stand at 1,720 mboe, 2% higher YoY, mainly due to the incorporation of resources from the first exploration well in the Uirapuru block, in Brazil. Natural gas resources account for 51% of current 2C resources, mainly attributable to Mozambique.

Galp's reserves and resources are subject to an independent assessment by DeGolyer and MacNaughton (DeMac).



Note: Reserves on a net entitlement basis. Contingent resources and prospective resources on a working interest basis.

3.2. **Upstream**

Production overview for 2020

WI production was 130.0 kboepd, which represented a growth of 7% when compared to 2019, supported by the continuous development of the Tupi project and the ramp-up of Berbigão & Sururu, both in Brazil, as well as the ramp-up of Kaombo South in Angola.

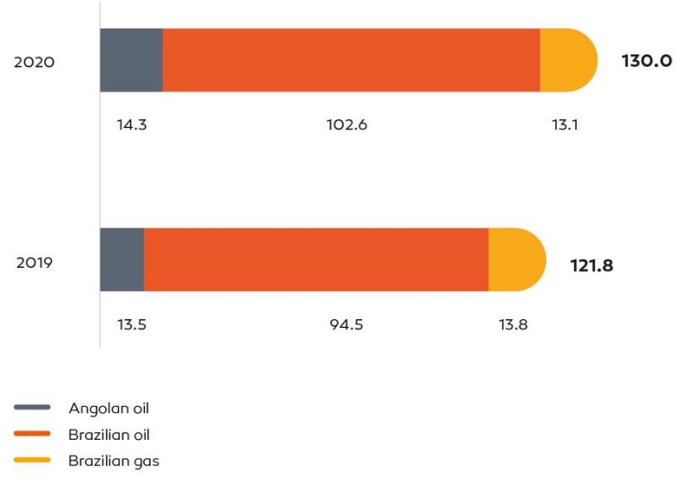
Natural gas production amounted to around 10% of total production, exclusively from associated gas from the projects in Brazil. The contribution of natural gas is expected to increase when Area 4 projects, in Mozambique, start production.

In Brazil, WI production was 115.8 kboepd, an increase of 7% YoY, with Galp once again capable to deliver growth, and despite the operational restrictions felt during the period. This growth profile continues to be a key differentiator of Galp's upstream portfolio when compared with its peers and is supported on the development of its highly efficient and resilient portfolio. During the period Tupi North unit in Brazil completed its ramp-up while the Berbigão/Sururu unit continued to increase its production. Also noteworthy is the start of FPSO #11 production in June, marking the beginning of the development of Atapu's accumulation.

In Angola, WI production was 14.3 kbpd, an increase of 6% YoY, mainly driven by the production ramp-up of the unit in the Kaombo South area, in block 32.

Production was mostly supported by the continued development of the Brazilian projects, despite the impacts in all offshore activities from the pandemic.

Working interest production (kboepd)



Galp continues to focus on optimising its portfolio, strengthening plans of development and implementing all the steps to ensure all value extraction initiatives are implemented on its key projects, with the Company envisaging sustainable growth based on its highly competitive portfolio.

3.2. **Upstream**

Galp's Upstream Portfolio

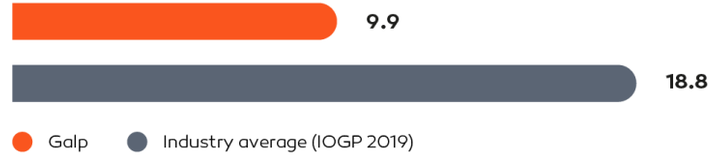
Galp has 42 upstream projects in different states of maturity, from exploration to development, located mostly in deep waters. The most relevant projects include the development of the BM-S-11 block in the Santos basin in Brazil, where one of the world's largest oil discoveries in recent decades is located, major natural gas discoveries in the Rovuma basin in Mozambique, and developments in the Congo basin in Angola.

The NPV_{10} breakeven for the entire Galp portfolio development is less than $25/bbl.

Commitment to energy transition

Galp's growth profile is still based on a distinct Upstream portfolio, with resources that are characterised by their high sustainability, namely considering the low production costs and the lower carbon footprint. The competitiveness of these developments enables a carbon intensity of 9.9 $kgCO_2e/boe$, which contrasts with the industry average of 18.8 $kgCO_2e/boe$ (source: International Association of Oil and Gas Production (IOGP) 2019), thus promoting a sustainable and value-based approach.

Carbon Intensity in Upstream[1] ($kgCO_2e/boe$)



[1] Considers 100% of emissions from oil and gas production from operated blocks and the working interest from non-operated blocks.

3.2. **Upstream**

Brazil

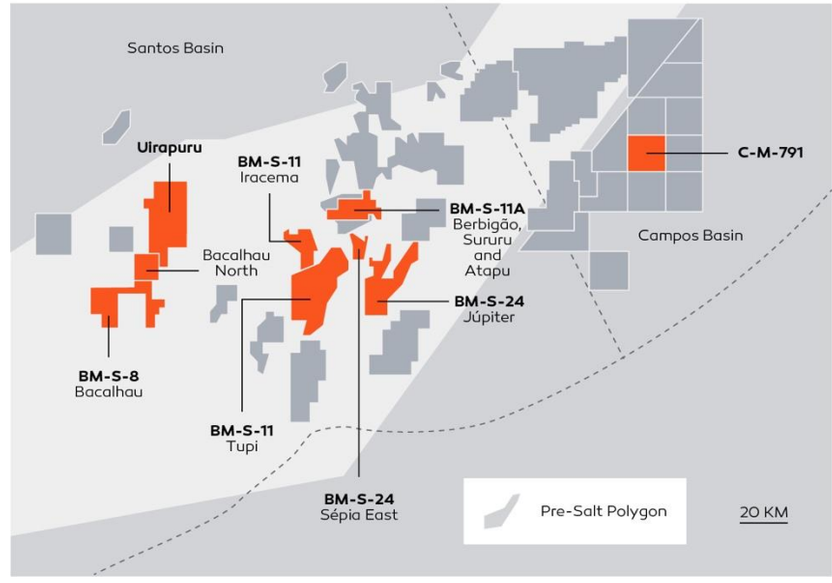
Offshore

Galp's offshore portfolio in Brazil is mostly focused on the pre-salt polygon, where the Company is present from the exploration and assessment phases of the first prospects. Brazilian pre-salt is a reference in the industry, mainly due to the size and quality of its resources which, along with the technology used in development concepts, place these projects among the most competitive and sustainable worldwide.

Currently, Galp is one of the key players in Brazil, with several projects in the pre-salt of the Santos and Campos basins, both in the exploration and appraisal phases and in the development and production phases.



Galp's Brazilian offshore portfolio



3.2. **Upstream**

Producing units in the pre-salt in the Santos basin

Galp started production in the pre-salt in 2010, through the FPSO Cidade Angra dos Reis allocated to the area of Tupi Pilot and, by the end of 2020, had 11 operating FPSO units, of which seven are in the Tupi accumulation, two in the Iracema accumulation, one in the Berbigão and Sururu accumulations, and finally one allocated to Atapu.

Unit	Designation	Location	Oil | Natural Gas Capacity	Production Start	Ramp-up	Plateau since	Galp's stake
FPSO #1	Cidade Angra dos Reis	Tupi Pilot	100 kbpd | 5 mm^3/d	Oct. 2010	19 months	Apr. 2012	9.2%
FPSO #2	Cidade de Paraty	Tupi Noth East	120 kbpd | 5 mm^3/d	Jun. 2013	15 months	Aug. 2014	9.2%
FPSO #3	Cidade de Mangaratiba	Iracema South	150 kbpd | 8 mm^3/d	Oct. 2014	13 months	Oct. 2015	10.0%
FPSO #4	Cidade de Itaguaí	Iracema North	150 kbpd | 8 mm^3/d	Jul. 2015	13 months	Jul. 2016	10.0%
FPSO #5	Cidade de Maricá	Tupi Alto	150 kbpd | 6 mm^3/d	Feb. 2016	10 months	Nov. 2016	9.2%
FPSO #6	Cidade de Saquarema	Tupi Central	150 kbpd | 6 mm^3/d	Jul. 2016	11 months	May 2017	9.2%
FPSO #7	P-66	Tupi South	150 kbpd | 6 mm^3/d	May 2017	11 months	Mar. 2018	9.2%
FPSO #8	P-69	Tupi Extreme South	150 kbpd | 6 mm^3/d	Oct. 2018	10 months	Jul. 2019	9.2%
FPSO #9	P-67	Tupi North	150 kbpd | 6 mm^3/d	Feb. 2019	18 months	Jul. 2020	9.2%
FPSO #10	P-68	Berbigão and Sururu	150 kbpd | 6 mm^3/d	Nov. 2019	Ongoing	-	10.0%[1]
FPSO #11	P-70	Atapu	150 kbpd | 6 mm^3/d	Jun. 2020	Ongoing	-	1.7%

[1] Subject to approval of the unitisation agreement.

3.2. **Upstream**

Production and development

Tupi and Iracema

The Tupi and Iracema projects started production in 2010, through the Tupi Pilot area, and are the ones that contribute the most to Galp's production. In just 9 years, nine production units have been installed, with a combined capacity to process up to 1.3 mbbl of oil and 56 mm^3 of natural gas daily.

In 2020, the historical 2 bn boe of accumulated production was reached. The ramp-up of the last unit starting production, the FPSO #9 in the Tupi North area, was also completed. The nine units installed, all in different areas of development, are currently producing at plateau levels.

For the drilling campaign, at the end of 2020, 130 wells (71 producers and 59 injectors) were drilled, out of the approximately 150 wells planned. Currently, 119 wells are connected to the installed FPSO units.

Partners are committed to maximising the value extraction from their assets, optimising operations and increasing the recovery factor of the discovered resources. Currently, Galp estimates that the recovery factor of ongoing developments is 34%.

In 2020, Galp together with its partners agreed the framework for future developments in the Tupi and Iracema fields. A PoD will be designed in order to identify additional development projects. The updated PoD shall be submitted to the ANP during 2021, and it will include assessments for a potential request to extend field's life cycle. Considering the characteristics of the units assessed for future developments in the Tupi and Iracema area, Galp's partners also agreed to sell the P-71 unit, currently under construction, to Petrobras.

Research projects that leverage deep-water assets

Galp in partnership with Activatec, ISQ and Petrobras, under ANP's Research & Development (R&D) regulation, is developing a production liner inspection tool, to be used in ultra-deep waters. ROVSCAN will be the world's first production line inspection tool of its kind. The R&D project is progressing well with the hyperbaric tests already completed in preparation for the field tests.

Berbigão, Sururu and Atapu

Through the BM-S-11A consortium, Galp holds stakes in Berbigão, Sururu and Atapu, three accumulations located in the central pre-salt area of the Santos basin, northeast of the Tupi and Iracema accumulations.

The Berbigão and the western flank of Sururu accumulations are under development through the FPSO P-68, which is in the ramp-up production phase. At the end of 2020, the unit had four producing wells

3.2. **Upstream**

connected, from a total of 10 planned. It also had one injector well connected, from the seven planned.

The FPSO P-70, in the Atapu accumulation, started production in June 2020, and, by the end of 2020, had one producing well connected, from a total of eight planned, and one injector well connected, from the eight planned.

The drilling campaign in the three accumulations is proceeding according to plan, with 14 producing wells and 10 injection wells already drilled by the end of 2020, from the 33 planned wells.

In the Sururu area, Galp and its partners continued to study the subsurface of the accumulation, and the Sururu Main RDA (Reservoir Data Acquisition) well was drilled in 2020 with the goal of reducing volumetric uncertainty and improving the development concept of the area. An EWT (Extended Well Test) with the same goal is planned for 2021.

The Berbigão and Sururu accumulations extend beyond the limits of block BM-S-11A, and will be subject to unitisation with the surrounding areas. In 2018, the members of the consortium, along with Petrobras regarding the Transfer of Rights area, submitted the Production Individualisation Agreements (AIP) to the ANP for the development of these accumulations and await the agency's approval.

Bacalhau

The Bacalhau project, extends through blocks BM-S-8 and Bacalhau North, where Galp holds a 20% stake.

The Bacalhau project is considered one of the most promising assets in the pre-salt of the Santos basin due to the high pressure conditions of the reservoir and its high quality resources. It is a competitive and sustainable project, both in economic and environmental terms, with an estimated carbon intensity below 9 $kgCO_2e/boe$.

The execution of the Bacalhau project will be carried out in phases, and it is planned for Phase I to allocate an FPSO with 220 kbpd of oil production capacity, and the total reinjection of the associated natural gas is being considered.

By the end of 2019, the partners submitted the Declaration of Commerciality for the Bacalhau discovery to ANP. In July 2020, the joint PoD for the areas was also submitted to ANP.

The joint PoD was created, as is the norm in the industry, and the consortium submitted the AIP to the ANP at the beginning of 2021, aimed at unifying the areas of the Bacalhau project.

In early 2020, FEED contracts were awarded for the Phase I of the Bacalhau project, with Modec being awarded the FPSO unit and Subsea Integration Alliance the development of subsea, umbilical, riser and flowline (SURF) equipment. The FPSO's construction work is already in progress. The first steel-cutting ceremony took place by the end of 2020 at the shipyards of Dalian Shipbuilding Industry Corporation (DSIC), in China.

The project is expected to be sanctioned in 2021 and start production in 2024.

3.2. **Upstream**

Sépia

The development of Sépia's accumulation will be carried out through the Carioca FPSO, awarded to Modec in 2017. The unit, with a projected capacity to process 180 kbbl and 6 mm^3 of natural gas per day, left the shipyard in China in November 2020 towards Brazil.

The production of the Sepia field is expected to start in 2021.

The drilling campaign is proceeding according to plan, with four producing wells and six injection wells already drilled by the end of 2020, from a total of 15 planned wells.

Exploration & appraisal

Júpiter

The discovery of Júpiter, located entirely within block BM-S-24, is a large scale accumulation, still under assessment.

During 2020, the partners continued the technological development studies and the analysis of additional assessment activities in order to support the project's conceptual solution.

In August 2020, the drill stem test (DST) of the well Apollonia, was successfully completed. Given the high condensate to gas ratio (CGR) and the high CO_2 content, this DST is considered a major technical advance.

The preliminary results of the DST highlight the potential of the Júpiter reservoir, with high added value condensate samples.

Uirapuru

Uirapuru is an exploration asset awarded to Galp in 2018, after the 4th round of Production Sharing Contract (PSC) bid rounds, and the consortium started the exploration campaign at the end of 2019.

The first exploration well drilled, which tested a prospect known as Araucária, is located about 200 km off the coast of the city of Santos, at a water depth of 1,995 m, having revealed the presence of oil in porous reservoirs, with the consortium evaluating the well results and further prospectivity in the large Uirapuru area.

Block C-M-791

Block C-M-791 is an exploration asset in the Campos basin with pre-salt geological potential, although located outside the pre-salt polygon.

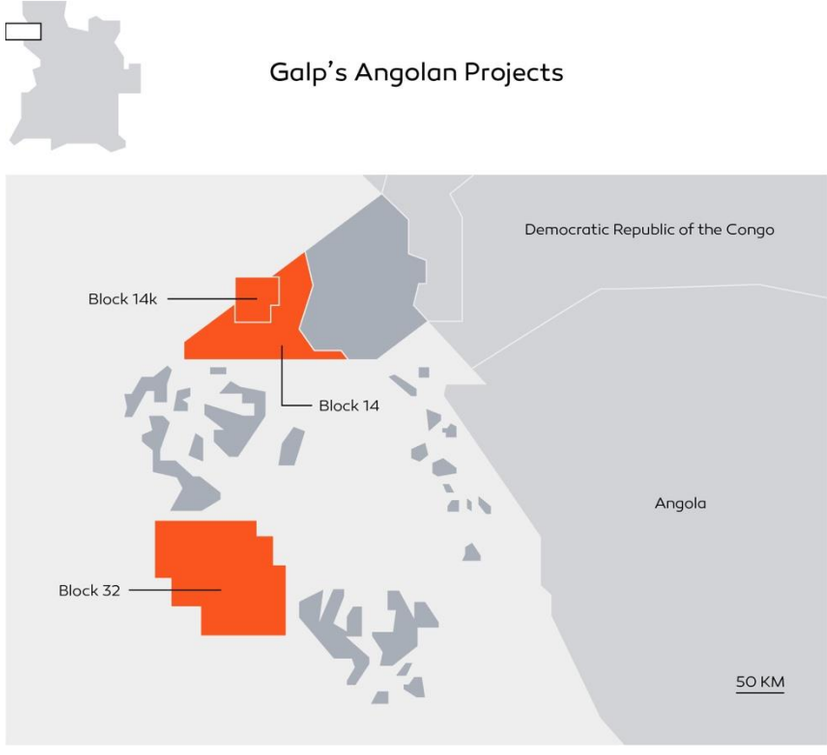
In 2019, the consortium started an exploration program with the acquisition of around 2,800 km^2 of 3D seismic in the region, more than covering the area of block C-M-791. The data is currently in the final processing phase.

The consortium established the hierarchy of the identified prospects, and the drilling of an exploratory well in the field is planned for 2021/22.

3.2. **Upstream**

Angola

Galp has a stake in block 32, which contains the Kaombo project, currently one of the most relevant projects in Angola, as well as a long-standing stake in blocks 14 and 14k.



Block 32

The Kaombo project, in block 32, is located in an ultra-deepwater area of the Angolan offshore and its development is expected to recover around 635 mbbl of oil through two FPSO units, with an estimated combined daily production capacity of 230 kbbl.

The consortium continues to work on reservoir management measures to improve the operation's efficiency, and has begun a 4D seismic campaign in order to more easily identify the location of future wells.

By the end of 2020, the consortium had drilled 45 wells from the 62 planned for the development of the Kaombo field.

Block 14/14k

Galp and its partners are focused on optimising the efficiency and costs of block 14/14k, aimed at extending the production period of the Benguela-Belize-Lobito-Tomboco (BBLT) and Tomboa-Landana (TL) fields, which are currently in a state of natural decline in production.

In block 14, the consortium negotiated with the Angolan energy sector regulator (ANPG) an increase in *Cost Oil* and the unification of the three development areas into one. This agreement supports the full economic limit of this asset, the continuity of the infill drilling campaign in place and the recovery of part of sunk costs.

3.2. **Upstream**

Mozambique

Gas discoveries in the Rovuma basin will enable Mozambique to become one of the world's leading natural gas suppliers.

The size and quality of the resources discovered will bring profound changes to the country and will also play a key role in Galp's production profile, in line with the Company's energy transition strategy.

The development of Area 4, in the Rovuma basin, includes the FLNG Coral Sul offshore project and the Rovuma LNG onshore project.

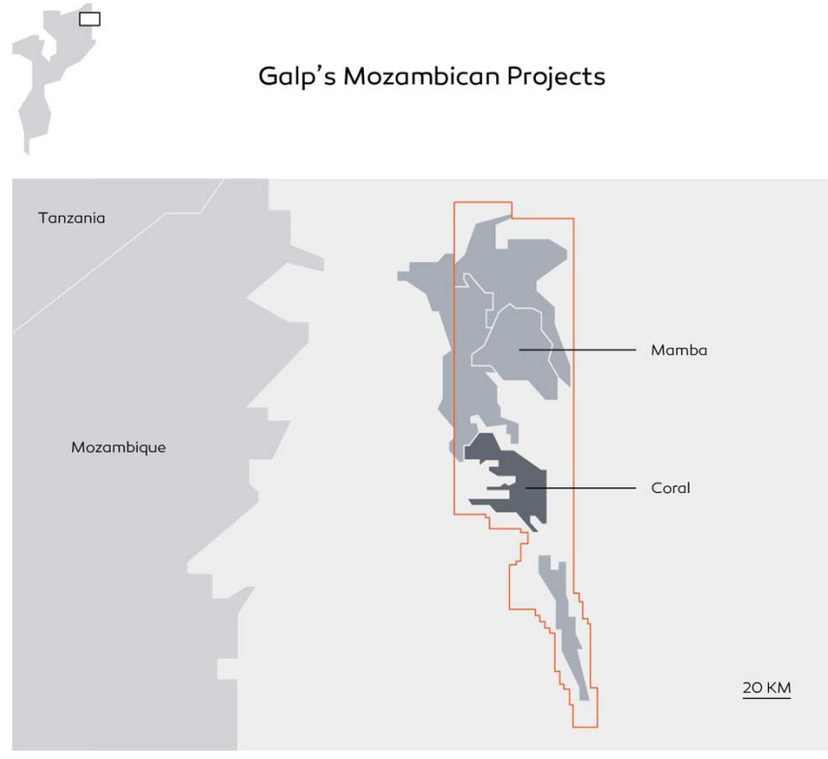
Coral South

After being sanctioned in 2017, the Coral Sul will be the first project to develop the large-scale natural gas resources of Area 4, with the start of production planned for 2022.

Construction of a FLNG unit started in 2018 and is proceeding as planned. The unit will have a processing capacity of about 3.4 mtpa of LNG. The last module of the FLNG unit was lifted in November 2020.

The FLNG unit will be connected to the southern region of the Coral discovery, located exclusively in Area 4 and containing a deposit of approximately 16 tcf of natural gas.

The drilling campaign is progressing according to the project timeline, despite its suspension in 2020 as a preventive measure to the Covid-19 pandemic.



3.2. **Upstream**

Rovuma LNG

In May 2019, the Government of Mozambique approved the Plan of Development for Phase I of the Rovuma LNG project, which will produce, liquefy and export natural gas from the Mamba fields.

Currently, the Joint Venture developing Area 4 is focused on optimising the concept and evaluating options to ensure the robustness of the development to prepare a project sanctioning. LNG production is expected to start in the second half of this decade.



Namibia

Galp's position in Namibia consists of two offshore exploration permits, PEL 82 in the Walvis basin and PEL 83 in the Orange basin.

The results of the 3D seismic acquisition carried out in 2018 in the PEL 82 area are being analysed to identify potential prospects.

During 2019, the consortium successfully completed the 3D seismic acquisition campaign on PEL 83. The data is currently being analysed to identify potential leads.

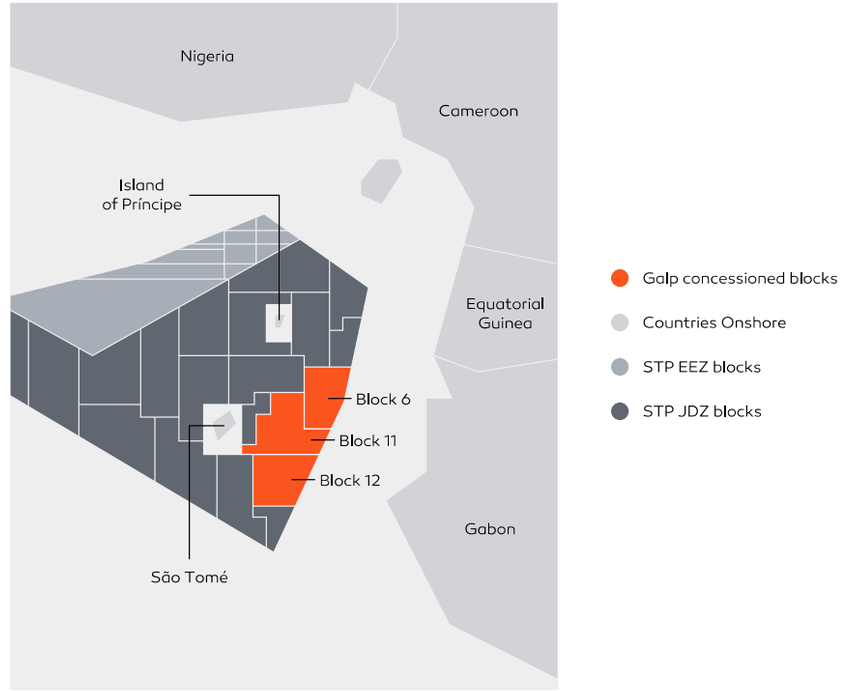
3.2. **Upstream**

São Tomé and Príncipe

Galp's exploration portfolio in São Tomé and Príncipe currently includes three offshore blocks, namely blocks 6 and 12, where Galp is the operator with 45% and 41% stakes, respectively, and block 11, in which the Company holds a 20% stake.

Galp assumed the role of operator for block 12 in March 2020, replacing the previous operator, Kosmos Energy. Kosmos' stake was distributed in proportion to the stakes of the other members of the consortium.

Following the geological and geophysical studies carried out on block 6, Galp and the other partners are finalising the preparation of the first exploratory well on the block. The well, known as Jaca, is expected to be spud in 2021.



Support to the community in fighting Covid-19

In 2020, Galp, together with the National Petroleum Agency of São Tomé and Príncipe (ANP-STP) and Equator Exploration, offered about 23 ton of disinfection supplies to the Government, through the Ministry of Health, as a contribution to the fight against Covid-19 in the country.

3.2. **Upstream**

Upstream project portfolio by the end of 2020

					Oil Properties			
Block(s)	Basin	Type	# Projects	Main Projects	API (°)	Sulphur (%wt)	Phase	Partners
Brazil (via Petrogal Brazil)								
BM-S-11	Santos	Ultra-deepwater	1	Tupi	27-34	<0.5	Development & Production	Galp 9.2% | Petrobras 67.2% (op.) Shell 23.0% | PPSA 0.6%
BM-S-11	Santos	Ultra-deepwater	1	Iracema	28-32	<0.5	Development & Production	Galp 10% | Petrobras 65% (op.) Shell 25%
BM-S-11A	Santos	Ultra-deepwater	1	Berbigão	25-28	<0.5	Development & Production	Galp 10% | Petrobras 42.5% (op.) Shell 25% | Total 22.5%
BM-S-11A	Santos	Ultra-deepwater	1	Sururu	24-29	<0.5	Development & Production	Galp 10% | Petrobras 42.5% (op.) Shell 25% | Total 22.5%
BM-S-11A	Santos	Ultra-deepwater	1	Atapu	27-29	<0.5	Development & Production	Galp 1.7% | Petrobras 89.3% (op.) Shell 4.3% | Total 3.8% | PPSA 0.9%
BM-S-8	Santos	Ultra-deepwater	2	Bacalhau	30-32	<0.5	Exploration & Appraisal	Galp 20% | Equinor 40% (op.) ExxonMobil 40%
Bacalhau North	Santos	Ultra-deepwater	1	Bacalhau North	30-32	<0.5	Exploration & Appraisal	Galp 20% | Equinor 40% (op.) ExxonMobil 40%
Uirapuru	Santos	Ultra-deepwater	1				Exploration	Galp 14% | Petrobras 30% (op.) Equinor 28% | ExxonMobil 28%
Sépia	Santos	Ultra-deepwater	1	Sépia	26-30	<0.5	Development	Galp 2.4% Petrobras 97.6% (op.)
BM-S-24	Santos	Ultra-deepwater	1	Júpiter			Appraisal	Galp 20% Petrobras 80% (op.)
C-M-791	Campos	Ultra-deepwater	1				Exploration	Galp 20% | Shell 40% (op.) Chevron 40%
POT-T-480/479/436	Potiguar	Onshore	1	Sanhaçu	55	<0.5	Production	Galp 50% Petrobras 50% (op.)
BM-POT 16	Potiguar	From shallow to Ultra-deepwater	2				Exploration	Galp 20% | Petrobras 30% (op.) BP 30% | IBV 20%

3.2. **Upstream**

Block(s)	Basin	Type	# Projects	Main Projects	API (°)	Sulphur (%wt)	Phase	Partners
				Oil Properties				
BM- POT 17	Potiguar	From shallow to Ultra-deepwater	2				Exploration & Appraisal	Galp 20% | Petrobras 40% (op.) BP 40%
BM-PEPB-783/839	Pernambuco-Paraíba	From deep to Ultra-deepwater	2				Exploration	Galp 20% Petrobras 80% (op.)
BAR-M-300/342/344/388	Barreirinhas	From shallow to Ultra-deepwater	4				Exploration	Galp 10% | Shell 50% (op.) Petrobras 40%

Block(s)	Basin	Type	# Projects	Main Projects	API (°)	Sulphur (%wt)	Phase	Partners
				Oil Properties				
Angola								
Block 14	Lower Congo	From shallow to Ultra-deepwater	8	BBLT | TL Kuito	24-36	<0.8	Development & Production	Galp 9% | Chevron 31% (op.) Sonangol 20% | Eni 20% Total 20%
Block 14k	Lower Congo	From shallow to Ultra-deepwater	1	Lianzi	35-37	<0.5	Development & Production	Galp 4.5% | Chevron 31.25% (op.) Total 36.75% | Sonangol 10% Eni 10% | SNPC 7:5%
Block 32	Lower Congo	Ultra-deepwater	2	Kaombo	26-32	<0.9	Development & Production	Galp 5% | Total 30% (op.) Sonangol 30% | China Sonangol 20% ExxonMobil 15%
Mozambique								
Area 4	Rovuma	Ultra-deepwater	2	Coral Sul Rovuma LNG			Development	Galp10% | Eni 25% (op.) ExxonMobil 25% (op.) | CNPC 20% Kogas 10% | ENH 10%
Namibia								
PEL 82	Walvis	From shallow to Ultra-deepwater	1				Exploration	Galp 40% (op.) | ExxonMobil 40% NAMCOR 10% | Custos 10%
PEL 83	Orange	From shallow to Ultra-deepwater	1				Exploration	Galp 80% (op.) | NAMCOR 10% Custos 10%

3.2. **Upstream**

Oil Properties

Block(s)	Basin	Type	# Projects	Main Projects	API (°)	Sulphur (%wt)	Phase	Partners
S. Tomé and Príncipe								
Block 6	Rio Muni	Ultra-deepwater	1				Exploration	Galp 45% (op.) | Kosmos 45% ANP 10%
Block 11	Rio Muni	Ultra-deepwater	1				Exploration	Galp 20% | Kosmos 35%(op.) Shell 30% | ANP 15%
Block 12	Rio Muni	Ultra-deepwater	1				Exploration	Galp 41.2% (op.) | Equator 46.3% ANP 12.5%
East Timor								
Block E		From shallow to Ultra-deepwater	1				Exploration	Galp 10% | Eni 80% (op.) Kogas 10%

3.3. Commercial

2020 Highlights

- 2020 was a challenging year and, as a consequence of the pandemic, Galp adapted its operations, optimising its activities and ensuring the continuous support and supply to the communities where the Company operates.
- Sales of oil products were 6.0 mton, reflecting a lower demand caused by the difficult economic environment.
- Natural gas sales were 22.9 TWh, impacted by lower consumption levels, particularly in the B2B segment. Electricity sales were 3.3 TWh, 4% higher YoY, proving the resilience of this business.
- In electric mobility, Galp has expanded its charging network in Iberia, reaching 544 points in 2020, and consolidating its leadership position in Portugal.
- Launching new partnerships, digital tools and services, through a customer-centred approach, focusing on their well-being and safety.
- Conclusion of the Matola logistics park in Mozambique with capacity for 60,000 m^3 in liquid fuels and 6,000 m^3 for Liquefied Petroleum Gas (LPG), which will allow Galp to increase its competitiveness in this country as well as supplying new markets.

6.0 mton

Oil product sales

26.3 TWh

Gas & Power sales

1,475

Service stations

544

Electric mobility charging points

Main indicators

	2019	2020
Number of employees	4,092	3,935
Sales of oil products to direct customers (mton)	8.3	6.0
Natural gas sales to direct customers (TWh)	31.6	22.9
Electricity sales to direct customers (TWh)	3.2	3.3
Number of service stations	1,465	1,475
Number of convenience stores	843	856
Number of electric mobility charging points	56	544
RCA Ebitda (€m)	410	325
RCA Ebit (€m)	304	232
CFFO (€m)	427	438
Investment (€m)	83	127

3.3. **Commercial**

Commercial

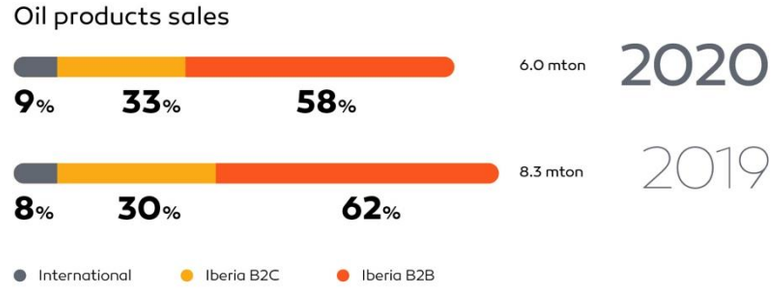
In 2020, Galp reorganised its commercial offer, including oil products, gas, electricity and other services into a single business unit. Through a customer-centred approach, this new organisation will provide better solutions for companies and customers in the geographies where the Company operates.

The Company is focused on optimising its integrated offer of products and services while adapting to new consumption patterns, in a more sustainable, open, digital and shared economy. Using the strong position of the Galp brand in Iberia and in a selection of African countries, Galp's commercial activities have its customers' base at the core of its businesses.

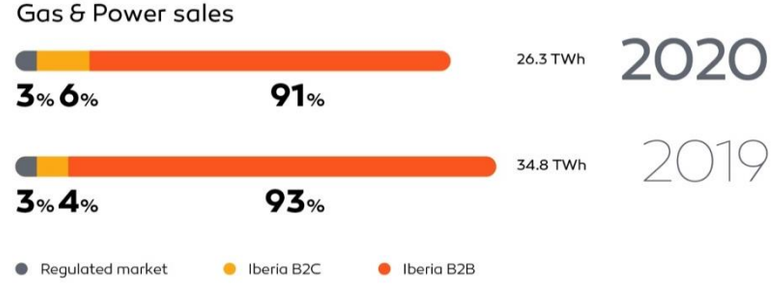
2020 Performance

In 2020, Commercial's operational performance reflected the challenging economic conditions and the respective preventive measures implemented by governments.

Oil product volumes sold to direct customers decreased by 28% YoY to a total of 6.0 mton, mainly reflecting the lower demand during the year.



Sales of natural gas to direct customers amounted to 22.9 TWh, a decrease of 27% when compared to the previous year, impacted by the volatile market environment and the lower contribution of the B2B segment. In electricity, sales amounted to 3.3 TWh, 4% higher YoY, also supported by a higher contribution from the B2B segment.



3.3. **Commercial**

Business-to-consumer

On the road

Using Galp brand's distribution network, we offer oil products, electric mobility, new energies, non-fuel and convenience products, as well as other diverse services.

By the end of 2020, Galp's retail network consisted of a total of 1,276 service stations in Iberia, of which 704 were in Portugal. The Company also has 343 convenience stores in Portugal and 378 in Spain.

Regarding oil products, in 2020, Galp maintained its leadership in the Portuguese market and maintained a relevant position in Iberia, reaching a market share of c.28% in Portugal and c.4% in Spain.

Galp has been renovating its network of stores and service stations, offering differentiated products and services, as well as prioritising and optimising the customers' experience. In this context, digitalisation plays a key role in adapting the non-fuel offer to new consumption patterns. Non-fuel products and services accounted for c.17% of the total contribution margin in the B2C segment in Iberia.

Galp continues to invest in strong partnerships in the various market segments where it operates, which saw an increase in cross-sales and differentiate Galp's brand as a service provider. During 2020, the Company developed partnerships with online delivery platforms, such as Uber Eats and Glovo, to provide products from our convenience stores, making it easier and more efficient the delivery and distribution of essential goods. In Spain, Galp has also developed strong partnerships,

New convenience stores concept in Spain

In 2020 Galp remodelled more than 45 convenience stores in Spain, always privileging the customer experience and adopting a new layout with a differentiated coffee shop service. All the stores covered by this project showcased very positive results and a significant increase in the contribution of non-fuel products and services, strengthening the positioning of the Galp brand in this segment.



3.3. **Commercial**

namely with Amazon, in order to implement *Amazon lockers* in its service stations.

The customer base associated with loyalty programmes continued to grow, reaching a total of around 2 million customers in 2020, mainly as a result of the partnership with the largest food retail group in Portugal, Sonae. In the Iberian retail segment, 42% of the volume of oil products sold is connected to loyalty programmes.

As a result of the Covid-19 pandemic, Galp has adopted several initiatives to ensure the continuous supply of energy to its customers, in a safe manner and in compliance with the standards defined by the regulatory authorities. Very strong hygiene and prevention measures were taken in the retail network, ensuring the safety and well-being of own customers and employees. Among the various measures implemented, it is worth highlighting the resizing and reallocation of teams in service stations and the implementation of more than 600 terminals for fully electronic and contactless payments.

In order to capture new market opportunities, Galp has been exploring new value creation sources in the field of new energies, which includes the electric market and Natural Gas for Vehicles (NGV).

In electric mobility, after the launching of the Galp Electric card commercial offer, Galp assumed a leading role in Portugal, with a market share of around 21%. Through this offer, the Company offers energy and mobility solutions and services on the road and at home and more than seven thousand cards were issued in 2020.

The Company owns the largest network of charging points in Portugal, 65 Fast Charging Points (FCP) and 448 Normal Charging Points (NCP), and in 2020 has launched the first ultra-fast charging point in the country.

The Company is also developing its infrastructure in Spain, with 31 charging points installed.

In 2020, Galp has won a tender for the operation of c.400 new charging points from the Mobi.e network. The Company has also continued developing the partnership with the Sonae Sierra group throughout 2020, which allowed the expansion of the network in shopping centres, already present in 19 commercial areas in Portugal.

Fast charging points	65	24
Normal charging points	448	7

3.3. **Commercial**

During 2021, the Company will continue to focus on expanding its charging stations network, favouring new partnerships and installations in its service stations network, but also identifying other locations, both on public and private locations.

At home

Galp is also close to its residential customers through the integrated offer of natural gas, electricity and LPG in Iberia, as well as various services aimed at ensuring safety, efficiency and comfort.

Galp's B2C customer base in Iberia



Galp supplies natural gas and electricity to more than 555 thousand customers in Iberia. The Company has an integrated offer, being one of the key players in the region and market leader in Portugal, with a market share of c.23% in natural gas and c.5% in the electricity market.

The adaptation of commercial offers to new trends and market requirements is one of Galp's main priorities. The environmental concern and the need for a sustainable energy transition is becoming increasingly relevant. From the second half of 2020 onwards, Galp started providing its new customers with green electricity offer, produced from 100% renewable sources, which saw a strong receptivity from its clients.

Digitalising customer acquisition channels

The Company has been digitalising its channels to acquire new customers. In 2020, Galp launched the "3-minute App", a tool that speeds up the acquisition of new customers in record time and in a totally digital way, having already been implemented in service stations and resellers' spaces.

Galp also provides energy efficiency solutions, as well as technical services aimed at optimising and reducing energy consumption by installing more efficient equipment.

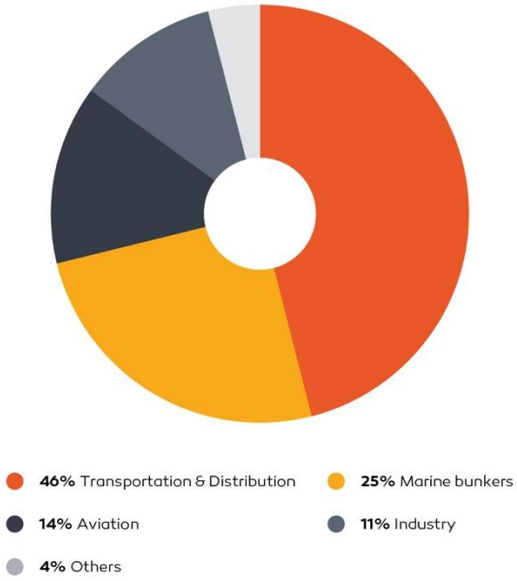
In Spain, Galp is present in the gas and electricity market through a 25% stake in a digital supplier, PODO, which currently has 94 thousand customers on a digital platform that allows the combined supply of gas, electricity and services in a more agile manner.

3.3. **Commercial**

Business-to-business

Galp's offer in the B2B segment in Iberia covers the entire portfolio, including oil products such as fuels, chemicals and lubricants, as well as natural gas, electricity, new energies and services. Through the integrated offer of products and services, Galp covers multiple needs of companies, maximising the creation of high added value solutions.

2020 Iberian oil products sales in B2B segment



Expanding our natural gas filling stations network

In order to implement more sustainable NG and LNG operations and reduce emissions, Galp has been developing projects related to the supply of natural gas for road transportation vehicles and LNG for ships.

Galp opened a new LNG filling station in 2020 to supply heavy passenger and long-distance freight transport fleets. With this opening, Galp increased to 10 the total number of natural gas stations for vehicles available in Iberia.



3.3. **Commercial**

In this segment, the Company has about 21 thousand customers of oil products and more than 10 thousand customers of natural gas and electricity in Iberia, which are scattered through a variety of segments such as distribution, transportation, marine bunkers, aviation, industry, services, public sector and others.

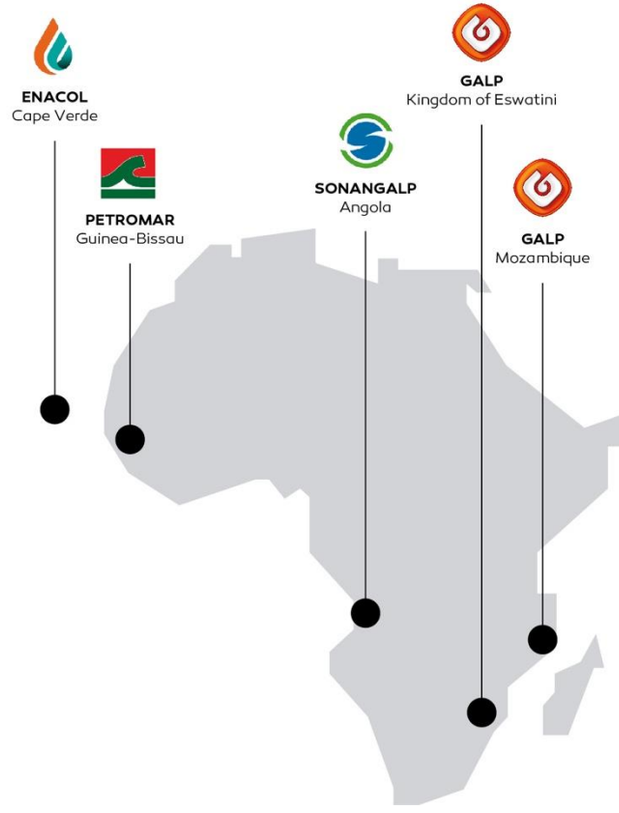
The Company has been promoting the creation of value for its customers by offering energy efficiency solutions, as well as technical services aimed at optimising and reducing energy consumption by installing more efficient equipment. In the B2B segment, Galp's offer includes: auditing, training and energy efficiency certification, efficient lighting, installation of charging stations and solar panels, among others.

International

Galp is currently operating in Africa through stakes in several companies. Each company is focused on a specific market, allowing brands to adjust their marketing and operations to different cultures, maximising value for customers.

The Company has been strengthening its position in a selected group of countries in Africa, where market growth is expected. The quality of the products, as well as the geographical location and synergies with the existing logistical and business capacities are the main factors contributing to the development of Galp's market in these countries.

The Company currently operates a network of 199 service stations and 135 convenience stores in five countries: Angola, Cape Verde, Mozambique, Kingdom of Eswatini and Guinea-Bissau. Galp maintains a relevant position in most of the African markets in which it operates.



3.3. **Commercial**

In Guinea-Bissau, in 2020, Galp completed the project to replace the wharf and the respective Duques D'Alba at CLC GB, a company 90% owned by Petrogal Guiné-Bissau. This is the only infrastructure for the discharge of liquid fuels, jet fuel and LPG in the country, and is therefore a significant project for the economic development of the region and the consolidation of Galp's operation.

Improvement of Mozambican logistics facilities

The improvement of Mozambican logistics facilities are fundamental to support the regional activities, one of the most relevant ongoing projects relates to the construction of two new logistical bases for the reception, storage and shipment of liquid fuels and LPG in Beira and Matola, Mozambique.

These projects will double the existing storage capacity in the southern part of the country, thus helping to reduce supply costs while ensuring greater availability of gas to households, indispensable to meet the growing demand. In addition, Galp will be able to extend its area of influence in this region of Africa, expanding its activities to neighbouring countries.

The Matola park started operations in 2020 and the Beira park started operations during the beginning of 2021.

3.4. Refining & Midstream

2020 Highlights

- The pandemic had a significant impact in the global demand for oil products, resulting in a challenging international refining context during the year.
- Galp's refining performance reflected the adverse macroeconomic conditions, with Galp's refining margin declining to $1.1/boe and a material slowdown in its operations.
- Galp will focus its refining activities and future developments in the Sines complex and discontinue refining operations in Matosinhos as of 2021.
- Galp signed a Sales and Purchase Agreement (SPA) with Nigeria LNG to secure the supply of 1 mtpa of LNG for 10 years.
- The Company has agreed to sell 75.01% of its stake in GGND.

87.1 mboe

Raw materials processed

13.9 mton

Oil products supply

71.4 TWh

NG/LNG Supply & Trading

Main indicators

	2019	2020
Number of employees	1,428	1,313
Raw materials processed (mboe)	96.0	87.1
Galp refining margin ($/boe)	3.1	1.1
Refining cost[1] ($/boe)	2.9	2.7
Oil products supply (mton)	16.2	13.9
NG/LNG supply & trading volumes (TWh)	89.3	71.4
of which Trading (TWh)	34.3	26.0
Sales of electricity to the grid (TWh)	1.3	1.4
Direct GHG emissions (tonCO_2e)	3,265,510	3,073,958
Total water consumption per treated feedstock (m^3/ton)	0.63	0.68
Percentage of water reutilised	15%	16%
RCA Ebitda (€m)	207	113
RCA Ebit (€m)	(109)	(210)
CFFO (€m)	323	(204)
Investment (€m)	142	76

[1] Excluding refining margin hedging Impact

3.4. **Refining & Midstream**

The Refining & Midstream business segment includes refining, cogeneration and logistics activities, supply and trading of oil products, natural gas and electricity, and the regulated gas infrastructure business.

Galp continues to focus on maximising value creation in this segment, increasing the efficiency of its operations, and adapting its portfolio to the vision of the carbon neutrality commitment in Europe by 2050.

Refining & logistics

Galp owns two refineries in Portugal, located in Sines and Matosinhos, and also operates multiple maritime terminals and storage parks in the Iberian Peninsula.

The structural changes to the consumption patterns of oil product, driven by the European regulatory context and the effects of the pandemic, had a significant impact on Galp's industrial activities.

After a rigorous assessment of alternatives, Galp decided to focus its refining activities and future developments in the Sines complex and to discontinue refining operations in Matosinhos from 2021 onwards.

Galp will continue to supply the regional market, maintaining the access of the maritime terminal, storage and distributing facilities in Matosinhos and is currently assessing usage alternatives for the complex.

This reconfiguration will allow for a reduction of more than €90 m per year in fixed costs and investments, and c.900 kton of CO_2e emissions (scope 1 and 2) associated with the current system.

The Sines refinery has a distillation capacity of approximately 220 kbpd, being the main refinery in Portugal and one of the largest refineries in Iberia. The conversion complexity and capacity, as well as the strategic advantage coming from the coastal location and the deep-water port infrastructure in Sines, both for the supply of crude oil and the export of products, make this refinery competitive.

Refining 4.0

Refinery 4.0 allows the optimisation of the refining system by reducing costs and capitalize on the availability of the refining system.

The first phase of the project consists of implementing the Market Production Data Platform (MPDP) project, which will play an important role in the optimisation of the refinery's supply chain.

MPDP is a digital platform that will integrate data from refineries, logistics and markets allowing to anticipate future scenarios in optimum conditions of production and time to market, through predictive analytic models. MPDP platform will decrease errors and failures in the process, enabling structured workflows and alert mechanisms, as well providing real time visualisation of business information and respective scenarios.

Galp is developing several initiatives, which will be implemented in 2021, including the Mobile Operator, which will ensure that operators can communicate more quickly and effectively; reduce administrative procedures; and increase the traceability of operational incidents. The first phase of MPDP is planned to be launched in 2021.

3.4. **Refining & Midstream**

Operational performance in 2020

During 2020, raw materials processed totalled approximately 87.1 mboe, a decrease of 9% from the previous year, reflecting the slowdown in refining activities to cope with adverse market conditions. Crude oil accounted for 89% of total raw materials processed.
The refining margin was $1.1/boe, mainly reflecting the sharp fall in middle distillate cracks during the year.

Diesel and gasoline were the most relevant products in Galp's production mix representing 41% and 20%, respectively. The importance of Very Low Sulphur Fuel Oil (VLSFO) in Galp's portfolio has grown due to the International Maritime Organisation (IMO) standards requiring a maximum sulphur content of 0.5% for marine fuels. Approximately all fuel oil production was VLSFO.

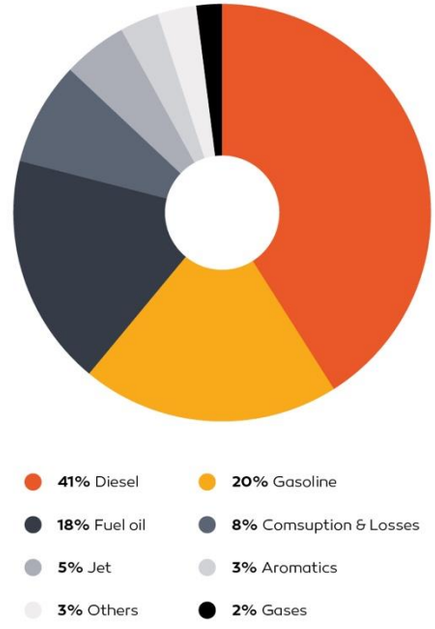
Galp continues to focus on improving the competitiveness of its Sines refinery, in an increasingly demanding regulatory environment and an increasingly challenging oil products market.

Adapting to the Covid-19 situation

Galp has implemented a contingency plan in its refineries, composed of several control measures, including the screening of suspected cases of Covid-19 in the entry points, ensuring the best possible safeguard to all its employees, service providers and clients.

Due to an adverse international refining market and consequent drops in distillate cracks, Galp has also implemented a set of preventive and value protection measures, including a slowdown of operations in its refining system.

Refinery yields in 2020



Thus, in response to a reduction in demand for oil products and a high level of inventories, Galp suspended operations at the Sines complex for about one month in May, while simultaneously adjusting the use of the fuel plants at the Matosinhos refinery and, given the persistent fragility of the refining environment, at the end of the year, Galp once again adjusted its operations. The commitments that were previously

3.4. **Refining & Midstream**

established with Galp customers were not impacted by this downturn, as the Sines refinery continued to maximise the use of its higher conversion units.

Additionally, Galp has made efforts to optimise costs, having achieved a significant reduction in investments and operating costs. Galp plans to sustain these cost savings for the coming years.

Supply & trading

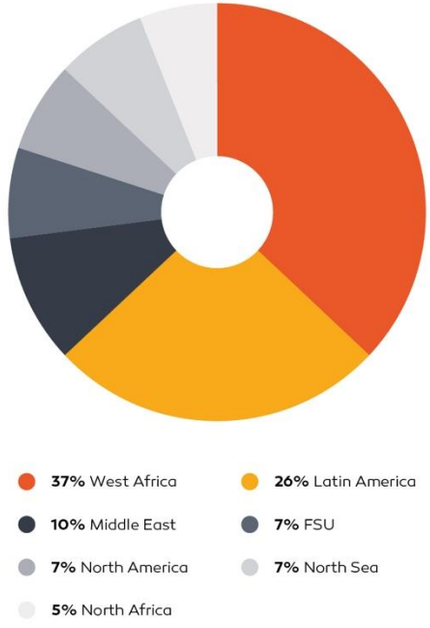
Raw materials and oil products

Galp manages the procurement of crude oil and other raw materials with a view to maximising the refining margin, taking into account the strategy of supply diversification and the specificities of the refining system.

Galp imported crude from 17 different countries, with medium and heavy crude oils accounting for 88% of the total. It should be noted that in 2020, Galp's crude sourcing already reflected a lower sulphur content, following the IMO standards in force since 1 January 2020.

The oil products resulting from our refining and trading activities are channelled to our Commercial business unit, and externally to other operators and through exports. In 2020, volumes sold totalled 13.9 mton, of which 6.2 mton were sold to Commercial, 2.8 mton to other operators and 4.9 mton were exported.

Crude source in 2020



3.4. **Refining & Midstream**

The U.S.A., particularly the East Coast, remains a relevant destination for the export of heavy gasoline components. Fuel oil, gasoline and diesel were the main products exported, accounting for 35%, 25% and 24% of total exports, respectively, mostly to the U.S.A., Spain and Gibraltar.

Exports per product in 2020



- **35%** Fuel Oil
- **25%** Gasoline
- **24%** Diesel
- **6%** Chemical Products
- **5%** Naphta
- **3%** Others
- **2%** LPG

Natural gas

Galp has an active NG/LNG supply and trading business.

Currently, Galp's NG and LNG supplies are sourced mainly through long-term contracts established with Sonatrach in Algeria and LNG in Nigeria. These represented about 67% of the Company's supply sources in 2020.

NG/LNG sourcing in 2020



- **46%** Nigeria (LNG)
- **32%** Spot (NG)
- **21%** Algeria (NG)
- **1%** Spot (LNG)

3.4. **Refining & Midstream**

In parallel, Galp also explores other sources of supply, namely the Spanish and French wholesale markets. The remaining needs are covered through spot market operations.

The supply of NG from Algeria is done through the Europe Maghreb Pipeline (EMPL), Al-Andalus and Extremadura gas pipelines, in which Galp owns a stake until October 2021, when the current contracts are planned to expire.

Galp and Sonatrach signed a new agreement in 2019 under which Galp will continue to source natural gas from Algeria to Iberia, through existing international pipelines routes. Within this context Galp has already secured 1 bcm per year for a 5 year period. In 2020, Galp signed an SPA with Nigeria LNG Limited for the supply of 1 mtpa of LNG over a period of 10 years, starting in October 2021.

In order to diversify our long-term supply sources, Galp signed an agreement with Venture Global LNG for the acquisition of 1 mtpa from the LNG export terminal in Calcasieu Pass, U.S.A., over a period of 20 years, starting in 2023. At the end of the year, Galp agreed to hire an LNG transport vessel from Pan Ocean Co., Ltd for an initial period of 5 years, to support the transportation of LNG from Venture Global LNG.

Galp develops its NG/LNG trading activity in the international market, and has also been consolidating its position in natural gas markets in European poles, namely Spain, France and the Netherlands, through the NG network trading activity.

In 2020, the volumes of NG/LNG sold via trading were 26.0 TWh, almost entirely network trading sales.

Power

Galp is present in the electricity market through the Iberian Electricity Market (MIBEL), both on the spot market (OMEL) and the forward market (OMIP). This activity is mainly aimed at acquiring electricity from third parties, for subsequent retail sale through the Commercial department.

Galp currently holds two long-term contracts for the purchase of renewable energy from solar power plants, for a total of approximately 650 GWh per year, as part of the strategy to ensure a supply of efficient and environmentally sustainable energy solutions.

Cogeneration

Galp's power activity is also supported by the operation of its two cogeneration units in Portugal, installed in the Sines and Matosinhos refineries, with a total capacity of 173 MW.

These units are highly efficient, as they combine heat and electricity generation, and are a significant supplier of steam to the refinery operations.

In 2020, cogeneration units produced approximately 1.4 TWh, up 2% YoY.

3.4. **Refining & Midstream**

Regulated distribution infrastructure

Through its associate GGND, Galp has nine natural gas distributors in Portugal, operating a total network of more than 13,000 km. GGND's regulated asset base (RAB) related to the gas infrastructure reached approximately €1.1 bn at the end of 2020.

The Energy Services Regulatory Authority (ERSE) approves the remuneration rules for this activity with an expected rate of remuneration for 2020 and 2021 set at 4.73%.

In November, Galp agreed to sell a 75.01% stake in GGND, where it held 77.5%, to Allianz Capital Partners for €368 m. Upon completion of the transaction, Galp's stake in GGND will be 2.49%.

Biofuels

Galp operates Enerfuel, an industrial unit in Sines producing *Fatty Acid Methyl Ester* (FAME) biodiesel. This product is 100% made from the processing of animal fats and used cooking oils. Enerfuel in 2020 produced approximately 26 kton.

Galp also produces Hydrogenated Vegetable Oil (HVO) in a hydrogenation unit at the Sines refinery. This biofuel results from the co-processing of vegetable oil with diesel, resulting in a biofuel with similar characteristics to fossil fuels. In 2020, production reached approximately 25 kton, equivalent to a reduction of 80 kton of CO_2 emissions.

In 2020, Galp complied with the Renewable Energy Directive (RED), incorporating 10% biofuels in its energy content in Portugal, and 8.5% in Spain. The newly approved European regulation (RED II) will set the framework for the decade, promoting advanced biofuels and restricting the use of some raw materials.

Galp's strategy for biofuels is in line with the ongoing decarbonisation initiatives, seeking to encourage the use of biofuels made from waste, which represented over 45% of the raw materials for this type of fuel in 2020. In 2020, 247,000 m^3 of biofuels were incorporated into fuels sold in Portugal and Spain, including 30,000 m^3 of second-generation biodiesel produced by Enerfuel. The integration of these low-carbon fuels prevented the emission of over 650 ktonCO_2e when compared to a fuel of exclusively fossil origin.

In 2020, Galp continued to be actively involved in the technological development of the biofuels sector in Portugal, participating in several projects focused on the generation of biofuels through forest biomass, the production of synthetic crude oil and biomethane, and waste-derived fuels. In 2020, the following projects stood out:

- Submission of an application to the Innovation Fund (EU), in the field of production of advanced biofuels and recycled carbon from residual feedstocks;
- Partnership with Valorsul to assess the technical and economic feasibility of a biogas purification plant using anaerobic digestion to produce biomethane and inject it into the natural gas network, for use in passenger transport fleets, or others;
- Member of BIOREF, Collaborative Laboratory for Biorefineries.

3.5. Renewables & New Businesses

2020 Highlights

- Creation of the Renewables & New Businesses unit and definition of its strategy and governance model. This new unit represents a milestone in embracing of the energy transition, through the development of a sustainable and diversified portfolio of renewable energy generation and new solutions in the area of mobility and energy;
- Acquisition of 75.01% stake in a JV which incorporates a selection of high quality solar PV projects in Spain with a total capacity of 2.9 GWp. The agreement includes 914 MWp of commissioned generation capacity already in operation, in addition to a number of projects at different stages of development;
- Expansion of the renewable portfolio, now totalising c.3.8 GWp;
- At the end of 2020, Galp was the leading solar player in Iberia and one of the key renewable power producers in the region, with an installed capacity of 926 MW on a 100% basis;
- Launching of EI - *Energia Independente*, a decentralised energy production business promoting the sale and optimisation of PV solar energy self-consumption systems in the B2C and B2B segments;
- Launching of a sustainable mobility management platform and a new agreement signed with Mobi.e for the management of the electric charging network;
- Galp, together with national and international partners, is developing a feasibility study for a pan-European project to implement a green hydrogen production industrial cluster based in Sines;
- Participation in the European Impact Partners (EIP) venture capital fund, which focuses on energy transition opportunities in the areas of energy, technology and mobility.

Main indicators

	2019	2020
No. of employees[1]	14	82
Renewable generation installed capacity (MW)	12	926
Renewable power generation (GWh)	31	327
Avoided CO_2e emissions (tonCO_2e)	-	98,910
RCA Ebitda[2] (€m)	(5.6)	(9.3)
RCA Ebit[2] (€m)	(5.6)	(18.7)
CFFO (€m)	(8)	(18)
Investment (€m)	16	350

[1] Includes only Renewables and GoWithFlow
[2] The renewable portfolio currently under production is developed through Joint Ventures and accounted for based on the equity method. Therefore no contribution is considered in the consolidated operational earnings presented above (Ebitda, Ebit)

Leading Player

Solar PV in Iberia

3.8 GW

Renewable generation in operation and under development

926 MW

Renewable generation installed capacity

327 GWh

Renewable power generation

3.5. **Renewables & New Businesses**

Renewables & new businesses

As part of its low carbon strategy, Galp intends to develop its energy generation activities from differentiated and competitive renewable sources.

The new Renewables & New Businesses unit is a clear step towards Galp's energy transition, developing a sustainable and diversified portfolio of renewable energy generation, which can be leveraged by synergies with the Company's remaining energy business trading activities.

In addition, this unit aims at maximising value creation by taking advantage of the disruptive changes that the energy industry is going through, through the development of new business opportunities aligned with market trends.

Renewables

Galp's portfolio of renewable energy generation projects was c.3.8 GWp, of which 926 MWp were already under operation by the end of 2020.

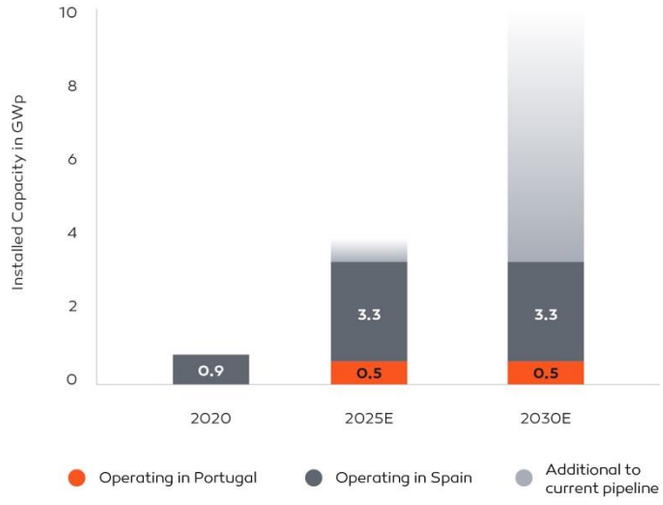
Renewables Portfolio

Project	Country	Segment	% owned	Operator Group	Capacity (100% basis) MWp	Project Status
Zero-E Euro Assets	Spain	Solar	75.01	Galp/ACS	914	Operational
Zero-E Euro Assets	Spain	Solar	75.01	Galp/ACS	2,011	Construction/Development
Magallon	Spain	Solar	100	Galp	359	Development
Alcoutim	Portugal	Solar	100	Galp	144	Under construction
Ourique	Portugal	Solar	100	Galp	343	Development
Odemira	Portugal	Solar	100	Galp	8	Development
Vale Grande	Portugal	Wind	52	Galp	12	Operational

3.5. **Renewables & New Businesses**

Galp's ambition is to gradually expand its renewable generation portfolio. In this expansion, the Company intends to leverage its strong presence in Iberia, given that this is one of the regions with the greatest potential for solar production in Europe, in addition to having a stable and competitive electricity market (MIBEL).

In order to diversify its portfolio and create value, Galp also evaluates growth opportunities in other countries, as well as different technologies, to exploit the Company's presence and competitive advantages under the fast growing renewable energy generation industry.



Source: Galp

Spain

In 2020, Galp entered the solar power market in Spain, signing an agreement with the ACS Group to establish a joint venture (JV) aimed at developing a portfolio of solar photovoltaic projects in Spain, with a total power generation capacity of 2.9 GWp.

The portfolio includes 914 MWp of generation capacity already in operation, in addition to a number of projects at different stages of development. It is estimated that the full capacity will be operational by 2024.

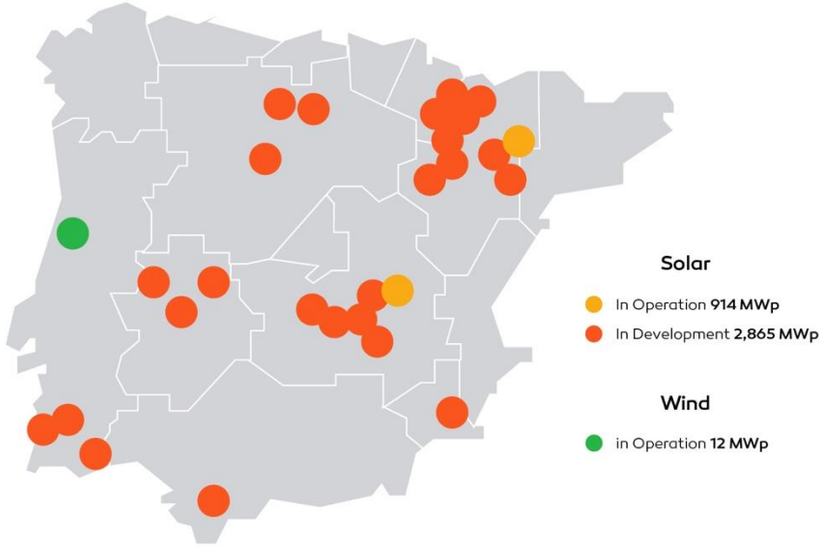
All projects have already secured access to the grid, while the administrative and environmental licensing process is being developed to begin the solar park construction phase.

The portfolio incorporates a selection of high-quality projects in privileged locations and is expected to have a yield equivalent to 1,800 sun hours per year, supporting Galp's strategic ambitions and positioning the Company as a leader in solar PV in the Iberia.

The transaction considers a business value of approximately €2.2 bn (enterprise value) related to the acquisition, development and construction of the entire portfolio (100%) and was completed in September 2020. Galp's payment to ACS of €325 m included the stake acquisition and past development costs. At the end of the year, the JV had a debt of €434 m related to operational assets and the partners intend to continue to use project finance to fund the remaining developments.

3.5. **Renewables & New Businesses**

Galp's Renewables Portfolio in Iberia



Galp holds 75.01% of the JV, while the ACS Group holds 24.99%. A joint control governance structure has been created and the stake will be accounted for in Galp's financial statements using the equity method.

Still in 2020, Galp expanded its portfolio in Spain, with a total installed capacity of 359 MWp, with construction scheduled to begin in 2022.

Portugal

In Portugal, Galp currently holds a portfolio of approximately 495 MWp of solar PV projects, of which 144 MWp are in Alcoutim, Algarve, as well as 343 MWp in Ourique, and 8 MWp in Odemira, both in Alentejo. These projects are at different stages of development and the total installed capacity is estimated to be operational by 2023.

In addition to solar PV capacity, Galp's installed capacity for renewable generation in Portugal also includes 12 MWp from a wind farm, where the Company operates through its invested enterprise Ventinveste, S.A., Portugal, in which Galp holds a 51.5% stake.

New Businesses

Galp actively seeks to identify and develop opportunities with potential to become robust and autonomous businesses, in areas related to sustainability, energy transition, transportation, infrastructure and production.

Energia Independente

Energia Independente (EI) is Galp's commitment to the development of decentralised energy production from renewable sources. With the launching of EI, Galp promotes the sale of solar energy self-consumption monitoring systems, by providing its services to the B2C and B2B segments.

This new company uses highly advanced technologies, such as satellite image analysis, artificial intelligence algorithms and big data, in order to

3.5. **Renewables & New Businesses**

optimise the acquisition and installation cost, offering the solution that best suits each customer's needs.

EI aims at positioning Galp in the area of the energy transition, with an innovative digital approach.

Starting with the direct sale of solar solutions, EI seeks the development of new products and services (e.g. batteries, smart home) to capture the high potential of the Iberian market and enhance the entry into new geographies.

GoWithFlow

Through GoWithFlow, Galp is promoting solution for its customers' fleets transitioning to EVs, including charging, fleet management and vehicle sharing systems. Through an integrated view of vehicle and energy data, fleet and facilities managers can plan and operate a heterogeneous network of combustion and electric vehicles along with managing fuel and electricity consumption.

4,500 vehicles and 4,000 charging stations

Galp is currently analysing the potential for expanding this business model to new geographies, such as the U.S.A., the U.K., and Central and Northern Europe, as well as developing technology partnerships and new sales channels.

In 2020, GoWithFlow won the "Best Clean Technology and Industry 4.0 Startup" award from BGI – Building Global Innovators and EIT Digital - European Institute of Innovation & Technology. GoWithFlow was also voted one of the biggest Portuguese scaleups in 2020 and included in the ranking of the 25 most promising startups in Portugal.



Launch of the sustainable mobility management platform



New agreement signed with Mobi.E for the management of the electric mobility network

Green Hydrogen

The Company is analysing new energy paths with a view to decarbonising the economy, such as the production of green hydrogen.

Galp, in partnership with EDP, Martifer, REN, Vestas, Engie and Bondalti, is preparing a feasibility study for a pan-European project to implement a green hydrogen production industrial cluster based in Sines – H2 Sines. This project has an important international scale, and it positioned itself to be one of the most competitive in Europe.

By ensuring the financial balance of the project, it should develop gradually, seeking to optimise the suitability of hydrogen production volumes and their consumption, as well as the cost competitiveness of the technologies involved. As a first step, a pilot project is planned for the production of green hydrogen through water electrolysis, which could, depending on economic and technological criteria, evolve up to 1 GW of electrolysis capacity, supported, in time, by highly competitive renewable electricity generation capacity of approximately 1.5 GWp.

3.5. **Renewables & New Businesses**

The project is framed within the Portuguese Government's National Strategy for Hydrogen, particularly due to its export component, but also because of its key contribution to a sustainable energy transition in the Portuguese industrial fabric. As such, it meets the criteria to apply for the status of Important Project of Common European Interest (IPCEI).

In addition to H2 Sines, Galp is assessing other opportunities in the hydrogen market as part of its strong commitment towards energy transition.

Lithium to EVs value chain

Electrification will be key to promote Europe's ambition of net zero emissions by 2050 and storage will play a fundamental role paving the way for a sustainable transition, as the European Union (EU) aims to become a leading geography in lithium-ion battery production and electric mobility.

Galp is assessing opportunities in the fast-growing lithium-ion batteries value chain. By leveraging on the plan to have local raw materials production and lithium processing capacity installed, Galp hopes to participate on the development of a local and integrated value chain associated with battery production, Electric Vehicles (EV) manufacturing and other related activities associated with the electrification of the society.

This ambition is being pursued through strategic partnerships, aiming to catalyse the establishment of a local and sustainable EV and lithium-ion battery industry.

Galp innovation / Innovation factory (Up)

The goal of innovation is to ensure that Galp is focused on the development of innovative and scalable solutions towards a new energy agenda, in which the world can be more sustainable. During 2020, Galp defined a new organisation structure that led to the creation of four Innovation Centres and an Innovation Factory (Up). The Centres work together with the respective business units to build new products, services or solutions that will generate new revenue / profit streams to ensure the growth and sustainability of the current business. The Innovation Factory is an accelerator that holds the skills to boost new ways of working through people centric approaches. Galp aims to create an environment where ideas can flourish and grow, protected from the organisation's structure and processes.

With the new innovation structure, Galp intends to position itself for the next growth cycle and the future of energy, increasing the resilience and competitiveness of its portfolio through investment over the entire energy value chain, aligned with the energy 3D's: Decarbonisation, Decentralisation and Digitalisation.

financial performance



4.1.

2020 Highlights

Cash Flow from Operations (CFFO) was €1,025 m, 46% lower YoY, while RCA Ebitda amounted to €1,570 m, 34% lower YoY, both reflecting the impact of the significantly weaker macro conditions resulting from the pandemic.

Free cash flow (FCF) was €42 m, during one of the most challenging years for the industry and considering the relevant strategic acquisition executed in the renewables division.

Net capex, considering the proceeds from the unitisation processes, stood at €830 m, including the €325 m payment for the solar PV acquisition. Upstream accounted for 36% of total investments, whilst the downstream activities represented 23% and Renewables & New Businesses 39%.

Net debt increased to €2,066 m, considering the €544 m in dividends paid to shareholders and to minorities during the period, as well as €129 m of other effects, mostly related with impacts from the BRL and USD devaluations.

4.1. **2020 Highlights**

Ebitda and Ebit by business segment in 2020 (€m)

	IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda
Galp	1,113	469	1,582	(12)	1,570
Upstream	1,177	0	1,177	(66)	1,111
Commercial	320	8	328	(2)	325
Refining & Midstream	(396)	462	65	48	113
Renewables & New Bus.	(9)	-	(9)	-	(9)
Others	21	-	21	8	30

	IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit
Galp	(282)	469	187	240	427
Upstream	468	0	468	(61)	407
Commercial	227	8	234	(2)	232
Refining & Midstream	(967)	462	(505)	295	(210)
Renewables & New Bus.	(19)	-	(19)	-	(19)
Others	8	-	8	8	17

4.2.

Operational performance

Upstream

RCA Ebitda was €1,111 m, down 37% YoY, as the lower oil price conditions experienced in the period and the USD depreciation against the Euro, more than offset the higher production.

Production costs were €97 m, excluding costs related with operating leases of €133 m. In unit terms, and on a net entitlement (NE) basis, production costs were $2.3/boe.

Amortisation and depreciation charges (including abandonment provisions) amounted to €701 m, up €140 m YoY, following the asset base increase and including impairments of €101 m related with exploration assets, reflecting lower potential discovery, mainly in the Potiguar basin. On a NE basis, and disregarding impairments, unit DD&A was $14.7/boe.

RCA Ebit was €407 m, down from €1,189 m YoY. IFRS Ebit was €468 m.

Commercial

RCA Ebitda decreased 21% YoY to €325 m, reflecting the lower volumes of oil products and natural gas sold to direct clients during the period.

RCA Ebit was €232 m, while IFRS Ebit was €227 m.

Refining & midstream

RCA Ebitda for Refining & Midstream decreased €94 m YoY to €113 m, impacted by the weaker refining performance.

Galp's refining margin was down YoY, from $3.1/boe to $1.1/boe, following the harsh international refining environment during the year.

Refining costs were $2.7/boe, lower YoY, considering the operational adjustments and cost optimisation measures implemented. Refining margin hedging had a positive impact on Ebitda of €16 m during the period.

Midstream Ebitda benefited from the market volatility, namely a positive swing in pricing lag effects, considering the steep decline in the commodities prices experienced in the period.

Results from associated companies were €70 m.

RCA Ebit was -€210 m. IFRS Ebit was -€967 m reflecting a material negative inventory effect, including -€35 m of restructuring costs and -€247 m of pre-tax impairments and provisions related with the decision to concentrate the refining activities in Sines, discontinuing operations in Matosinhos.

4.2. **Operational performance**

Renewables & new businesses

Consolidated Renewables & New Businesses Ebitda includes general administrative and corporate expenses with associates results of -€2.3 m, from renewables and sustainable vegetable oil in Brazil joint venture (JV) in associates companies.

The Ebitda of Galp's solar PV joint venture with ACS, on a 100%, was €5 m, only considering the four month period which followed the completion of the acquisition and reflecting the low generation in the period, impacted by an upset on transformers.

4.3.

Consolidated income

Consolidated income (RCA, except otherwise indicated)

€m

	2019	2020	Var.	% Var
Turnover	16,570	11,381	(5,189)	(31%)
Cost of goods sold	(12,405)	(8,021)	(4,383)	(35%)
Supply & Services	(1,650)	(1,473)	(177)	(11%)
Personnel costs	(325)	(302)	(24)	(7%)
Other operating revenues (expenses)	189	(6)	(195)	n.m.
Impairments on accounts receivable	1	(8)	(9)	n.m.
RCA Ebitda	2,381	1,570	(810)	(34%)
IFRS Ebitda	2,219	1,113	(1,106)	(50%)
Depreciation, Amortisation and Impairments	(986)	(1,131)	144	15%
Provisions	(8)	(13)	5	62%
RCA Ebit	1,387	427	(959)	(69%)
IFRS Ebit	1,232	(282)	(1,514)	n.m.
Net income from associates	136	73	(63)	(46%)
Financial results	(54)	(182)	127	n.m.
Net interests	(16)	(39)	23	n.m.
Capitalised interest	24	22	(3)	(11%)
Exchange gain (loss)	(10)	(78)	67	n.m.
Mark-to-market of derivatives	81	(44)	(125)	n.m.
Leases interest (IFRS 16)	(90)	(80)	(10)	(11%)
Other financial costs/income	(43)	37	81	n.m.
RCA Net income before taxes and minority interests	1,468	319	(1,150)	(78%)
Taxes	(758)	(337)	(421)	(55%)
Taxes on oil and natural gas production[1]	(610)	(301)	(309)	(51%)
Non-controlling interests	(150)	(24)	(126)	(84%)
RCA Net income	560	(42)	(603)	n.m.
Non-recurring items	(177)	(171)	(7)	(4%)
RC Net income	383	(213)	(596)	n.m.
Inventory effect	6	(338)	(344)	n.m.
IFRS Net income	389	(551)	(940)	n.m.

[1] Includes income taxes and taxes on oil and natural gas production, such as Special Participation Tax (SPT) payable in Brazil and oil income tax (IRP) payable in Angola.

4.3. **Consolidated income**

RCA Ebitda of €1,570 m, 34% lower YoY, impacted by the much weaker market conditions. RCA Ebit was €427 m, down 69% YoY, also including the impairments registered in 2Q20 related to Upstream.

IFRS Ebitda and IFRS Ebit of €1,113 m and -€282 m, respectively, reflecting the material inventory effect and the impairments and provisions registered in relation to Matosinhos.

Financial results were -€182 m, impacted by FX variations of -€78 m, mostly from the USD and BRL depreciation, and a -€44 m negative swing on mark-to-market, mostly from derivatives hedges.

Financial results also included the loss from CO_2 licences derivatives, as well as the realised gains from Brent derivatives and the unwind of the outstanding refining hedges for the year.

RCA taxes decreased YoY from €758 m to €337 m, following the lower production taxes and operating results.

Non-controlling interests of -€24 m, related with Petrogal Brasil results.

RCA net income was negative at -€42 m, while IFRS net income was -€551 m, with a large inventory effect of -€338 m and non-recurring items of -€171 m, mainly reflecting the post-tax effects from the impairments and provisions related with the Matosinhos refinery, partially offset by the capital gains from the GGND sale.

Non-recurring items

€m	2019	2020
Non-recurring items impacting Ebitda	174	(12)
Margin (Change in production) - Unitisation	200	(30)
Gains/losses on disposal of assets	(47)	-
Headcount restructuring charges	21	54
Exchange rate differences related with Brazil unitisation processes	-	(36)
Non-recurring items impacting non-cash costs	(7)	252
Provisions for environmental charges and others (Matosinhos Refinery)	-	94
Depreciations and Amortisations - Unitisation	(7)	5
Asset impairments (Matosinhos Refinery)	-	153
Non-recurring items impacting financial results	35	(142)
Gains/losses on financial investments (GGND)[1]	14	(91)
Gains/losses on financial investments - Unitisation	-	(56)
Financial costs - Unitisation	20	5
Non-recurring items impacting taxes	36	81
Taxes on non-recurring items	(72)	(75)
BRL/USD FX impact on deferred taxes in Brazil	-	119
SPT adjustments from previous years	59	-
Energy sector contribution taxes	49	36
Non-controlling interests (Unitisation and FX on deferred taxes Brazil)	(60)	(8)
Total non-recurring items	177	171

[1] Includes adjustments from the correspondent CESE, previously booked at GGND.

4.4.

Capital expenditure

During 2020, capex was €898 m, of which 39% allocated to the Renewables & New Businesses and mostly related to the 2.9 GW Spanish solar PV transaction, amounting to €325 m.

Upstream accounted for 36% of Group capex and were mostly related with the execution of the BM-S-11/11A projects and Bacalhau in Brazil, as well as Area 4 projects, in Mozambique.

Investments in downstream activities were mostly allocated to the Commercial business, including the enhancement of the retail segment in Portugal and logistic assets in Mozambique, and to efficiency improvements in the refining system.

Capital expenditure by segment

€m

	2019	2020	Var.
Upstream	600	326	(274)
Exploration and appraisal activities	115	0	(114)
Development and production activities	485	325	(160)
Commercial	83	127	43
Refining & Midstream	142	76	(65)
Renewables & New Businesses	16	350	333
Others	15	19	5
Capex[1]	856	898	42

[1] Capex figures based in change in assets during the period.

4.5.

Cash flow

CFFO was €1,025 m, 46% lower YoY, reflecting the impact of the significantly weaker macro conditions.

Net capex, considering the proceeds from the unitisation processes, stood at €830 m, including the €325 m payment for the solar PV acquisition. Upstream accounted for 36% of the Group's capex, whilst the downstream activities represented 23% and Renewables & New Businesses 39%.

FCF was €42 m, during one of the most challenging years for the industry and considering the relevant strategic acquisition executed in the renewables division.

Cash flow - indirect method (figures in IFRS)

€m

	2019	2020
Ebit[1]	1,405	(282)
Depreciation, Amortisation and Impairments	979	1,289
Dividends from associates	146	90
Change in Working Capital	(129)	346
Taxes	(512)	(417)
Cash flow from operations[2]	1,890	1,025
Net capex[2]	(734)	(909)
Net financial expenses	(45)	(43)
Realised Income from derivatives	-	80
Lease payments (IFRS 16)[3]	(189)	(191)
Equalisation related with unitisation processes[2]	-	80
Free cash flow	922	42
Dividends paid to non-controlling interests[4]	(132)	(225)
Dividends paid to shareholders	(559)	(318)
Others[5]	71	(129)
Change in net debt	(302)	631

[1] 2019 adjusted for the non-cash unitisation non-recurring item.
[2] 2020 cash flow adjusted for the effects related with Lula, Atapu and Sépia equalisation processes, namely -€137 m on the CFFO caption and €220 m on net capex, leading to a net receivable position of €83 m.
[3] Includes both interest and capital payments, which in 2020 amounted €82 m and €104 m, respectively.
[4] Mainly dividends paid to Sinopec.
[5] Others include carries related to Sonangol and exchange rate variations on cash positions.

4.6.

Financial position

Consolidated financial position

€m

	2019	2020	Var.
Net fixed assets[1]	7,358	6,308	(1,050)
Rights of use (IFRS 16)	1,167	1,002	(165)
Working capital	943	597	(346)
Other assets/liabilities[1]	(1,152)	(653)	500
Capital employed	8,316	7,254	(1,062)
Short term debt	278	539	261
Medium-Long term debt	2,616	3,204	588
Total debt	2,895	3,743	849
Cash and equivalents	1,460	1,678	218
Net debt	1,435	2,066	631
Leases (IFRS 16)	1,223	1,089	(135)
Equity	5,657	4,100	(1,558)
Equity, net debt and leases	8,316	7,254	(1,062)

[1] Net fixed assets and other assets/liabilities include the estimated impact from unitisations.

On December 31, 2020, net fixed assets were down €1,050 m YoY. The changes were mainly driven by the USD devaluation during the period, the adjustments related with the completion of the three unitisation processes, the impairments related with the discontinuity of the refining operations in Matosinhos and the 75.01% stake sale of GGND. Work-in-progress, mainly related to the Upstream business, stood at €1,501 m.

Given that the relevant customary regulatory conditions were met, the GGND sale has been booked in Galp's financial statements, whereas it was previously classified as assets held for sale, with the capital gain registered under the IFRS consolidated income statement. The cash proceeds have been accounted for under other assets/liabilities.

Equity was down €1,558 m YoY, reflecting the IFRS net income of the period of -€551 m and the distributions made to shareholders and minority interests of €544 m, as well as the impacts from the depreciation of the USD and the BRL against the Euro.

On December 31, 2020, net debt was €2,066 m with net debt to RCA Ebitda standing at 1.5x. Considering the €368 m proceeds related with GGND stake sale, expected to be received in 1Q21, net debt would have been €1.7 bn at year-end and net debt to RCA Ebitda 1.2x.

At the end of the period, Galp had unused credit lines of approximately €1.3 bn, of which c.75% were contractually guaranteed. A Eurobond of €500 m was repaid in January 2021, with no material redemptions due until mid-2022.

The Journey to a sustainable future



galp

5.1.

The pace of society evolution

Over the coming decades, the energy transition will be key to overcome the challenge of delivering more energy to a growing society while reducing greenhouse gas emissions.

For companies today, there are several factors that contribute to defining their path to decarbonisation – the combination of policies and technology, Environmental, Social and Governance (ESG) performance as a criteria for investment decisions, and societal alignment with the goals of protecting the planet and improving the overall quality of life. The competitiveness of a company is thus reliant on the alignment of its services, products and business models with the opportunities arising from decarbonisation.

At the same time, the goal of meeting the United Nations' Sustainable Development Goals is one of the guidelines for defining a sustainable business strategy, which must incorporate a diagnosis that includes progress and the areas where measures should be taken to ensure that these goals are met.

5.2.

Transformation with responsibility

In periods of great transformation, Galp works towards being a resilient and agile Company, creating long-term value for its stakeholders.

Prepared for a complex and dynamic world, Galp seeks to contribute to all the internationally established benchmarks and principles of sustainability. Galp is committed to an ethical and responsible performance, essentially focused on four pillars, incorporated in its sustainability strategy:

- Reduce carbon intensity;
- Place people at the centre with a common purpose;
- Reduce the ecological footprint; and
- Develop a conscious business.

Galp discloses its non-financial performance in line with international recognised voluntary reporting standards and frameworks, contributing for a continuous, clear and transparent dialogue with its stakeholders.

- International Reporting Council (IIRC);
- Global Reporting Initiative (GRI);
- Sustainability Accounting Standards Board (SASB);
- Task Force on Climate-related Financial Disclosure (TCFD);
- United Nations Global Compact (UNGC) and,
- World Economic Forum, Measuring Stakeholder Capitalism



5.2. **Transformation with responsibility**

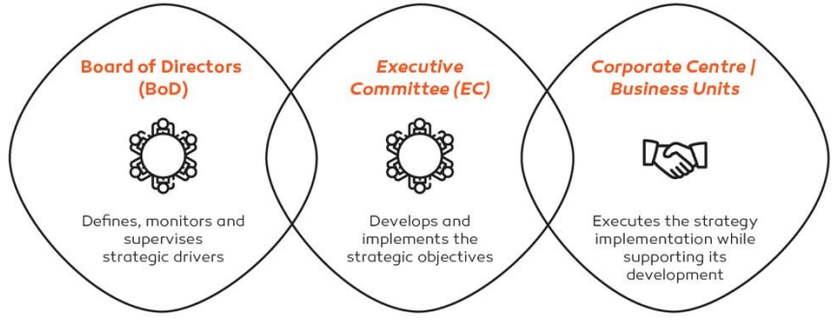
Management's commitment

Galp believes in an integrated approach to sustainable value creation. That is why the inclusion of sustainability principles in the Company's management process begins with its governance model.

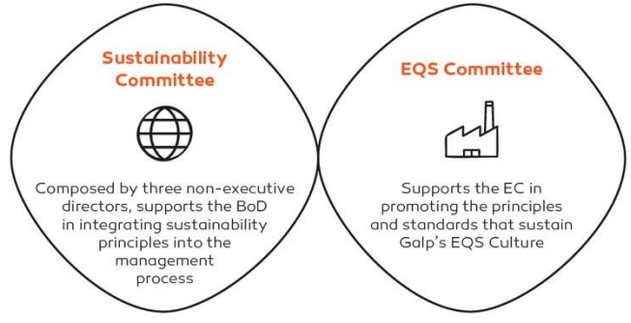
Galp's governance model is based on a decision-making culture, which includes the assessment of risks and opportunities, and on an integrated management approach, which covers the entire life cycle of its operations – from the identification of the business opportunity to the decommissioning. For this end, Galp makes use of due diligence and environmental and social impact assessment procedures.

In 2020, once again, the operational excellence of Galp's integrated management was recognised through the certification of its Integrated Management System (IMS) for Environment, Quality, Safety, Energy and Social Responsibility. As of this year, this system also includes a Business Continuity dimension, in compliance with the ISO 22301 standard.

Galp is the first energy Company in Portugal to obtain an external certification in these six dimensions since 2018.



Specialised Committees



5.3.

Approach to climate change

The road to decarbonisation

Gradual decarbonisation of the portfolio

2020 was a year of great changes and challenges. In a context where the energy transition has gained even higher prominence, Galp has consolidated its strategy to simultaneously respond to the paradigm of delivering more energy to a growing society, while also reducing greenhouse gas (GHG) emissions.

Our Goals

- CO_2 — Bring the portfolio in line with the vision for carbon neutrality in Europe by 2050 and reduce the carbon intensity by at least 15% in 2030
- CO_2 Zero — No CO_2e emissions related with electricity purchased in Portugal by 2021
- Planned growing investment allocated to projects that promote energy transition

Our Progress

compared to 2017

- CO_2 c. -3% — Carbon intensity
- 80% — Renewable electricity used in operations in Portugal
- c.€450 m — Investment allocated to projects that promote energy transition

Our alignment with the SDGs

SDGs and key targets

7 AFFORDABLE AND CLEAN ENERGY
Target 7.1: Ensure universal access to affordable, reliable and modern energy services
Target 7.2: Increase the share of renewable energy in the global energy mix
Target 7.3: Double the global rate of improvement in energy efficiency

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable
Target 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors, encouraging innovation

13 CLIMATE ACTION
Target 13.2: Integrate climate change measures into national policies, strategies and planning

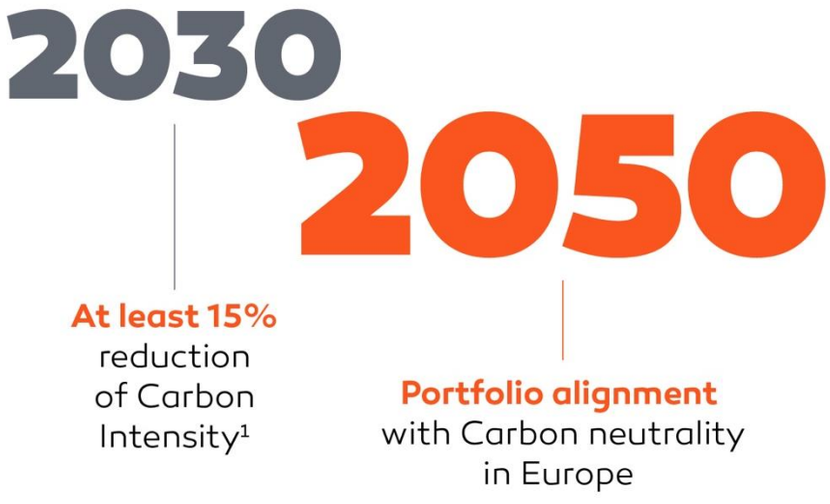
11 SUSTAINABLE AND COMMUNITIES
Target 11.2: Provide access to sustainable transport systems for all

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Target 12.2: achieve the sustainable management and efficient use of natural resources

5.3. **Approach to climate change**

Galp's strategic plan foresees the gradual decarbonisation of its portfolio, while ensuring an adequate management of the risks and opportunities arising from this challenge.

New long-term goals



[1] Comparing with the value for base year 2017 (78g CO_2e/MJ)

In 2020, the Company started its journey to align its long-term goals and portfolio with the vision of carbon neutrality in Europe by 2050.

Galp is exploring the technical and economic feasibility of solutions that could lead to the reduction of its carbon intensity, such as the production of renewable and synthetic fuels, the production of green hydrogen or the sequestration and use of CO_2.

Galp also committed to reduce the carbon intensity of its products by at least 15% by 2030, compared to 2017, the year when it announced the diversification of its portfolio into low carbon businesses.

This reduction shall be achieved primarily through the implementation of the strategy the Company has already announced, namely the growth in the production and sale of electricity, the execution of highly efficient upstream projects, the increase in the efficiency of the refining system and the adaptation of the commercial offer to include less carbon intensive products.

5.3. **Approach to climate change**

Carbon intensity

Galp's Carbon Intensity methodology reflects the changes in its energy products portfolio and its future evolution.

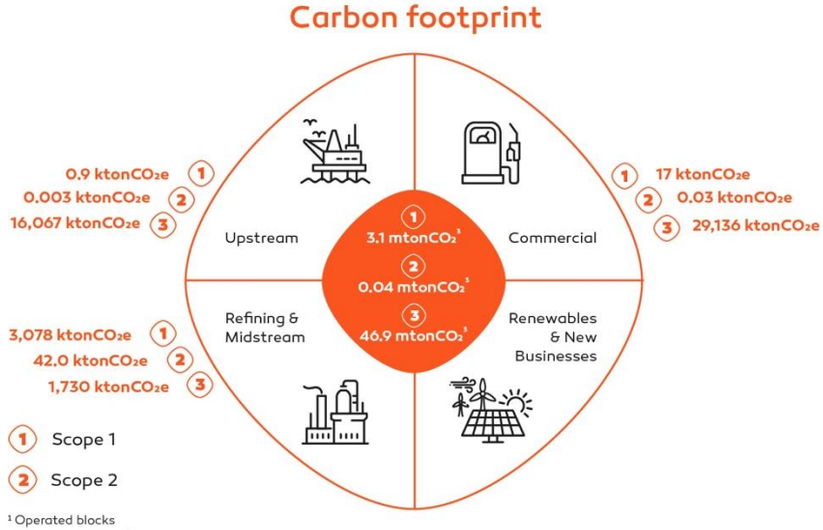
This metric includes direct and indirect emissions (scopes 1, 2 and 3) associated with the life cycle of Galp's energy products and, as such, reflecting the production, processing and delivering of energy to Galp's end consumers, as well as the use of this energy.

Detailed information on the methodology for calculating carbon metrics is available at the Sustainability Channel.



Carbon footprint (CO_2e emissions – scopes 1, 2 and 3)

The carbon footprint of Galp's activities is carefully calculated, based on internationally recognised methodologies and recommendations, and is also monitored and verified by a third party.



[1] Operated blocks
[2] Includes the use of products sold by Galp to end-use consumers
[3] Includes GHG emissions related to corporate activities, not specific to any business segment. Carbon footprint calculation does not integrate the upstream, refining & midstream and commercial value chain and contains other scope 3 emissions

Scope 3

Purchased goods and services	4.61 mtonCO2e	Transportation and distribution	0.29 mtonCO2e
Fuel and energy related activities	0.99 mtonCO2e	Processing of sold products	15.57 mtonCO2e
Business travel	0.002 mtonCO2e	Use of sold products[2]	24.74 mtonCO2e
		Investments	0.74 mtonCO2e

5.3. **Approach to climate change**

CO_2, a variable to consider

Galp makes its decisions taking into account the impact of the CO_2 variable, ensuring the calculation and monitoring of GHG emissions along the Company's value chain, thus anticipating their impact on current and future projects and business. Through a set of tools, such as the internal carbon price of $50/ton$CO_2$e, and mechanisms, such as the investment standard and medium-term business plan analysis, this variable is thus incorporated into the decision-making process by top management.

Peer and partner engagement

Galp is actively engaged with its peers and partners:

- in the discussion of climate policy and decarbonisation trajectories, in various projects led by the WBCSD;
- in the ACT - Assessing Low-Carbon Transition initiative, which assesses the readiness of companies in different sectors for the transition to a low-carbon economy;
- in the development of methodologies concerning the decarbonisation metrics applicable to the sector, in alignment with the Science-Based Targets, in a project coordinated by the Carbon Disclosure Project (CDP);
- In the definition and endorsement, together with seven other leading companies in the energy sector (BP, Eni, Equinor, Occidental Petroleum Corporation, Repsol, Shell and Total), of the "Energy Transition Principles", which establishes the commitment to contribute to the acceleration of the energy transition and the reduction of GHG emissions, in accordance with the goals set in the Paris Agreement.

The six principles of energy transition:

1. Publicly support the Paris Agreement;
2. Work together with customers to reduce emissions from operations and energy consumption;
3. Work with consumers, investors and governments to develop and promote actions that reduce emissions from energy use;
4. Support and promote the development of carbon sinks;
5. Disclose information related to the risks and opportunities of climate change, according to the recommendations of the TCFD;
6. Disclose information on the participation in industry forums and associations and their alignment with the companies' positions and policies on climate protection.

5.3. **Approach to climate change**

Galp's role in decarbonising the economy

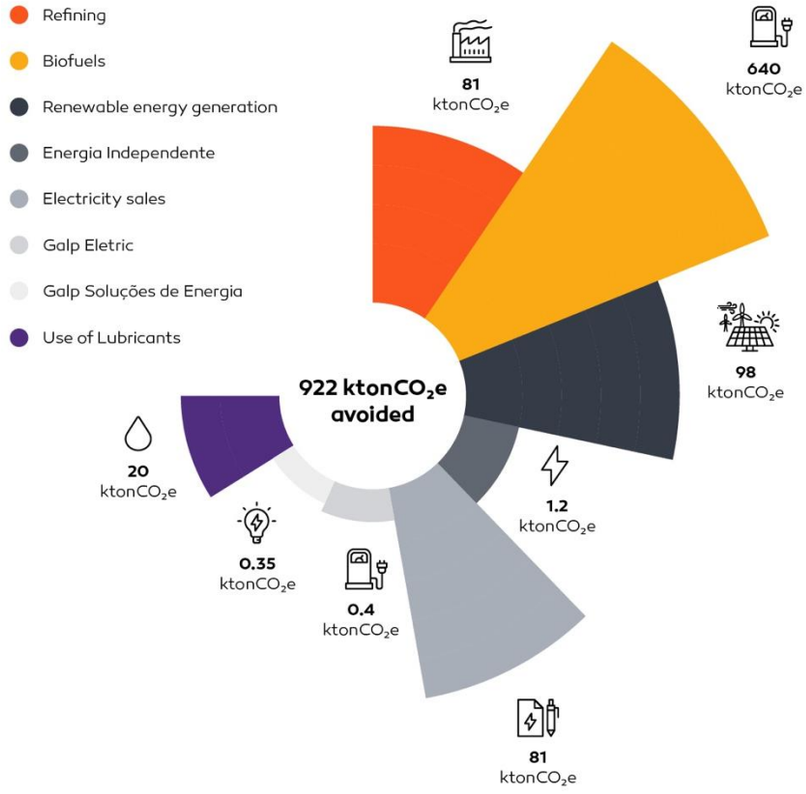
Competitive and innovative Upstream

Galp's growth profile remains based on a distinct Upstream portfolio, with resources that are characterised by their high sustainability, namely considering the low production costs and the lower carbon footprint. The competitiveness of these developments enables a CO_2 emission intensity of 9.9 kgCO_2e/boe, which contrasts with the industry average of 18.8 kgCO_2e/boe (source International Association of Oil and Gas Production (IOGP) 2019). These figures are achieved through the separation and reinjection of CO_2 in the reservoir, reducing emissions in the pre-salt fields in Brazil.

Galp has also joined the World Bank's Zero Routine Flaring by 2030 initiative. Under this initiative, Galp commits to not release emissions associated with routine flaring processes in its hydrocarbon production projects - a commitment which is already being upheld.

Avoided GHG emissions

In 2020, Galp avoided the emission of approximately 922 ktonCO_2e through the implementation of energy efficiency measures in its refineries, the integration of biofuels, the production and sale of renewable energy, the supply of decentralised energy production and energy efficiency services, and the delivery of electricity for electric mobility.



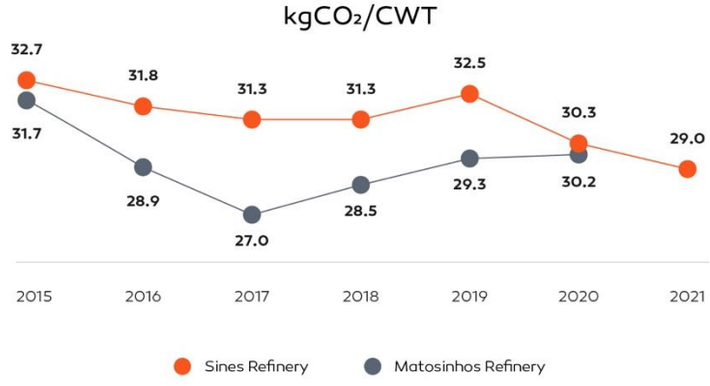
5.3. **Approach to climate change**

An efficient and flexible refining and midstream

Refining

Galp remains focused on the optimisation of its refining system, continuing the implementation of relevant projects for the conversion of the refining activity and the maximisation of its energy efficiency.

In 2020 several energy efficiency projects were commissioned at the Sines Refinery, amounting to an investment of €4.4 m, with a reduction potential of 81 ktonCO₂, which consists of a 4% reduction in the refinery's total CO_2 emissions. Relevant projects include the revamping of the Atmospheric Distillation Exchange Train and the Flare gas recovery.



Note: Galp decided to focus its refining activities and future developments in the Sines complex and to discontinue refining operations in Matosinhos from 2021 onwards.

The Covid-19 pandemic has impacted the global demand for oil products, resulting in a challenging international refining context throughout the year.

The decrease in the level of crude oil processing has impacted the energy efficiency of the facilities, despite the positive results achieved by the various projects implemented.

Biofuels

In 2020, 245,184 m^3 of biofuels were incorporated into fuels sold in Portugal and Spain, including 20,600 m^3 of second-generation biodiesel produced by Enerfuel. The integration of these low-carbon fuels prevented the emission of over 640 ktonCO₂e when compared to an exclusively fossil fuel.

Galp continued to play an active role in the technological development of the biofuels sector in Portugal, participating in several projects focused on the generation of biofuels through forest biomass, the production of synthetic crude oil and biomethane, and waste-derived fuels. In 2020, the following projects stood out:

- Submission of an application to the Innovation Fund (EU), in the field of production of advanced biofuels and recycled carbon from residual feedstocks;
- Partnership with Valorsul to assess the technical and economic feasibility of a biogas purification plant using anaerobic digestion to produce biomethane and inject it into the natural gas network, for use in passenger transport fleets, or others;
- Participation in BIOREF, Collaborative Laboratory for Biorefineries.

5.3. **Approach to climate change**

Renewable energy generation in Iberia

In 2020, around 327 GWh of renewable energy was generated from solar photovoltaic projects in Spain and from the wind power project in Portugal, thus avoiding the emission of approximately 98 ktonCO$_2$.

Energia Independente

EI - *Energia Independente* is Galp's strategy for the development of decentralised energy production from renewable sources.

>500 domestic installations and **8** installations in companies during the first three months of operation - estimated annual production of about **4 GWh** | about **1.2 ktonCO$_2$e** avoided.

Power Purchase Agreements

In 2020, Galp added renewable electricity to its commercial offer. This green energy will be supplied to the consumer through long-term solar PV energy supply contracts (PPAs).

Capacity of **400 MW** | Production of approximately **650 GWh/year** | **430 ktonCO$_2$e** avoided[1]

[1] for a period of 12 years

Galp Electric

The Company owns a network of charging stations in Portugal, with 65 Fast Charging Stations and 448 Normal Charging Stations. It is currently developing its infrastructure in Spain, which already includes 31 charging stations installed in 2020. The electricity sold by Galp for mobility has avoided approximately 0.4 ktonCO$_2$e.

Galp Soluções de Energia

Galp continues to offer services that enable an increase in energy efficiency of its customers' businesses, reducing consumption and providing energy generated from less carbon intensive sources. This year the implemented projects have saved 354 tonCO$_2$e, in addition to an annual saving of over 1,583 tonCO$_2$e from other projects executed by Galp´s Energy Solutions in previous years.

Lubricants

In 2020, Galp's engine lubricants improved the efficiency and performance of our customers' vehicles' engines, avoiding the emission of around 20 ktonCO$_2$e.

5.3. **Approach to climate change**

Other innovative initiatives

The goal of innovation is to ensure that Galp is focused on the development of innovative and scalable solutions towards a new energy agenda in which the word can be more sustainable.

During 2020, more than 100 innovation projects were implemented at Galp, many of which with the help of over 30 Research, Development and Innovation partners.

- **GoWithFlow**

Through GoWithFlow, Galp promotes an integrated solution for its customers, in transition to electrification, including charging, fleet management and vehicle sharing systems.

4,500 vehicles and **4,000** charging stations

In 2020, GoWithFlow won the "Best Clean Technology and Industry 4.0 Startup" award from BGI – Building Global Innovators and EIT Digital - European Institute of Innovation & Technology. GoWithFlow was also voted one of the biggest Portuguese scaleups in 2020, and was included in the ranking of the 25 most promising startups in Portugal.

- **Vehicle-to-Grid (V2G) Technology**

Galp is leading the V2G pilot project in Azores, which allows electric car batteries not only to receive but also to supply power to the electric grid.

10 electric vehicles | **13.4 MWh** of power injected into the grid = average consumption of **15** homes a day.

- **Hydrogen, the energy of the future**

Galp, together with national and international partners, is developing a feasibility study for a pan-European project to implement a green hydrogen production industrial cluster, based in Sines.

- **Digitisation reaches Upstream**

After years of collaboration, Galp and IBM are in the process of completing the development and commercialisation of the Cognitive Geoscience Advisor (CGA), a powerful tool that combines artificial intelligence tools and data analysis, with the potential to accelerate and optimise the development of hydrocarbon exploration projects by increasing their competitiveness and efficiency.

- **Energy impact partners**

Galp is the only Iberian energy company Limited Partner (LP) at Energy Impact partners. Energy Impact Partners is a global venture capital fund investing in the world's best industrial and energy scale ups, that promotes partnerships between their LPs (Global top corporations) and their portfolio companies, where Galp will invest c.€20 m, the majority of which over a five year investment period.

5.4.

People at the centre

Our Goals

> 75%

Rate of employee engagement with the Organization

> 90%

Local hiring

Women in the BoD after 2022

33%

Our Progress

79%

99%

Women in the current term of office

26%

Our alignment with the SDGs

SDGs and key targets

5 GENDER EQUALITY

Target 5.1: End all forms of discrimination against all women and girls
Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
Target 8.6: Substantially reduce the proportion of youth not in employment, education or training

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialisation

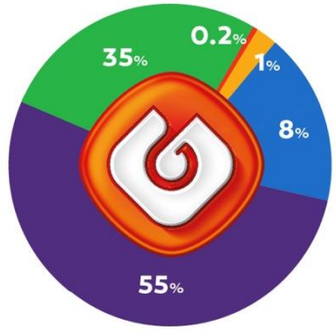
5.4. **People at the centre**

6,114
Employees

51
Nationalities

11
Countries

Distribution by Region



Distribution by age



10% < 30 Years Generation Y

66% 30 – 50 Years Generation X / Y

24% > 50 Years Baby Boomer

26% Women In BoD

43% Women

57% Men

187 In

351 Out

>650 Employees recruited from the trainee program over the years

169 Thousand hours of training

5.4. **People at the centre**

The most exponential technology is the human relationship

Galp believes in the need for an integrated approach to talent management and human potential development, with a focus on recruitment, integration, performance management, reward, recognition, learning and training, mobility, well-being and Company values.

g-loud – Galp has implemented a new intranet - a flexible and collaborative platform - which will make the work experience more fluid and personalised.

Adaptation, trust and collaboration

Flexibility, productivity and leadership were some of the requirements for Galp to adapt to the new times. In view of the public health threat of the Covid-19 pandemic, Galp promptly created the necessary conditions for more than 3,000 employees to work from home.

We distributed laptops and provided collaborative work tools, which allowed employees to stay connected with each other and with their managers, and to keep performing their tasks as a team. The adaptation of employees to the new context was very quick and had no noticeable negative effects in terms of productivity or quality of the work performed.

The evaluation of how Galp organised remote work was very satisfactory, with 82% of employees giving it a positive rating and 76% considering that productivity was enhanced. When it comes to communication, 98% of employees confirm that they have maintained regular contact with colleagues and 95% with management, reflecting the success of Galp's adaptation to this new context.

Galp's programmes for the development and promotion of people's well-being have also adapted quickly. The Wellbeing programme quickly switched to an online format, a weekly Remote Talks plan was launched and all online training content was enhanced, with a specific focus on remote work management. Psychological support consultations were also made available, for those who felt weakened by the context of the confinement and the pandemic, as well as a free legal and financial advisory services.

With the teleworking system implemented during the year, Galp moved to a digital model with the Remote Talks, which resulted in 44 online sessions with mostly internal speakers, and received 6,110 participations in total.

Diversity

As part of this commitment, and within the framework of Galp's active participation in the IGEN Forum (Organisations for Equality Forum), we have continued the work developed by the permanent and multidisciplinary internal taskforce to reflect and act on the matter of equal opportunities. In this context, Galp has implemented a set of measures, namely Company-wide training related to unconscious bias and a comprehensive development programme for High-Potential Women.

In addition to the commitments made in the framework of the IGEN Forum, the following initiatives have been implemented:

5.4. **People at the centre**

- Renewal of the partnership with PWN - Professional Women's Network – in Lisbon;
- Galp's has joined the UN Global Compact's "Equality means business" initiative, as a means of measuring gender disparity and the alignment of commitments in this matter.

In 2020, Galp was once more selected for the Bloomberg Gender Equality Index, along with 324 companies from 11 different sectors.

As of December 31st, 2020, Galp had 6,114 employees.

	Age			Gender		Nationality	
Professional category	<30 years	30-50 years	>50 years	Female	Male	Portuguese	Other
Top management	0	121	88	53	156	177	32
First Line management	1	304	137	154	288	366	76
Experts	153	1,050	385	613	975	1,028	560
Other	450	2,571	854	1,793	2,082	1,743	2,132
Total	604	4,046	1,464	2,613	3,501	3,314	2,800

Managing talent and potential

Attracting new generations of professionals

At a Universum Portugal event, University students voted Galp #1 in the category Energy - Portugal's Most Attractive Employers 2020.

Generation Galp, the Company's trainee programme, has been a consistent source of new and qualified generations of employees joining the organisation. Developed in 1998, the success of this programme is reflected in the numbers of the more than twenty editions already held and the more than 650 promising professionals involved – a retention rate of 91% after the first year, and 62% overall.

Currently, around 29% of Galp's management positions are held by employees who started their careers in the Company as trainees.

Identify and recognise the potential

At Galp, performance management is based on a culture of continuous feedback, which contributes to the alignment of each employee with the corporate strategy, goals and values. We also promote People Day as a day to reflect and debate the performance and potential of people.

In 2020, the performance appraisal process covered about 99% of employees.

5.4. **People at the centre**

We create growth opportunities

169k Hours of training

28 Hours of training per employee (average)

1.3 Investment in training (€m)

As part of its learning strategy – 70/20/10 (Do, Share, Know) – Galp has been developing and implementing pilot projects, new programmes and more experiential and transformational approaches, which promote a personalised development of skills for the future.

Galp won the 2020 Human Resources Awards, in the Academies category, among 26 companies evaluated on the basis of good practices, initiatives and policies shown and disclosed throughout the year.

Transformation and partnerships for exponential knowledge

- Leading@Galp
  In 2020, the Leading@Galp Programme was launched with the goal of accelerating the development of Future Leadership skills at Galp, focusing on self-knowledge, sharing experiences and future skills. The target group of this programme is a group of 700 professionals in management and leadership roles at a global scale.

- Mentoring@Galp
  The mentoring programme was created in 2020 as a development tool, based on the exchange of knowledge and experience. The goal is to enhance the mentee's ability to influence his career path, according to his profile and motivations.

- Gama Programme
  The Gama programme seeks to accelerate Galp's cultural and digital transformation. Structured on three pillars of activity – people, technology and processes – the project will serve as an aggregator and accelerator of the many activities that will lead to the Galp of the future (collaborative tools, digital literacy plan, automation, analytical systems, etc.).

- Singularity University
  Galp is a founding member in Portugal of Singularity University, which aims at exploring the opportunities and implications of technologies and responding to society's major global challenges. During the year, several remote talks were held, with 250 speakers.

Internal mobility benefits people and teams

Galp's mobility dynamics fosters talent retention, networking, partnership and the Organisation's agility. At Galp, the mobility programme is part of an integrated approach to the development of employees and their careers, exposing them to new contexts and challenges.

5.4. **People at the centre**

Impact on the community

Galp acts in partnership, in each context and geography where it operates, through the creation of shared value with society. In this sense, Galp assumes an influential role in promoting local sustainable development, in alignment with the Sustainable Development Goals (SDG).

Social licence to operate

The risks and opportunities that may apply to obtain the social licence for Galp to operate are assessed throughout the life cycle of the projects (due diligence).

The expectations of the local community, in particular, are identified, analysed, estimated, assessed and monitored through an appropriate stakeholder consultation and engagement process, which also includes a grievance mechanism suited to each phase of the project.

100% of the projects in the production and development phase are subject to consultation with communities and other stakeholders.

- **São Tomé and Príncipe**

Galp monitors the main external stakeholders of its operations on site, through a matrix that is kept up to date. The involvement with those stakeholders is managed in accordance with the project's development phases.

As a responsible operator, Galp has made a commitment with the State of São Tomé and Príncipe to support the local community, through social projects and through the financing of specialised training for the country's citizens.

In 2020, Galp, together with the National Petroleum Agency of São Tomé and Príncipe (ANP-STP) and with Equator Exploration, offered about 23 ton of disinfection supplies to the Government, through the Ministry of Health, as a contribution to the fight against Covid-19 in the country.

- **Namibia**

As part of the Environmental, Social and Health Impact Assessment (ESHIA) for an exploratory drilling and assessment programme in Namibia, Galp developed environmental and social management plans to mitigate potential impacts. This process included the preparation of several studies and public consultation sessions, which resulted in the issuance of Environmental Licenses.

Galp has made a contribution through NAMPOA (*Namibia Petroleum Operators Association*) to the government fund for the prevention of Covid-19.

Investing in the community to generate impact

Galp's investment strategy in the community, aligned with the Sustainable Development Goals, results in impacts across three strategic pillars – sustainable energy and protecting biodiversity, education and knowledge, and social emergencies. Each year, Galp evaluates the social impact of its projects, based on these three pillars, and monitors their return to the community. In 2020, the following projects deserve to be highlighted:

5.4. **People at the centre**

Sustainable energy and biodiversity protection

To promote the development of communities through the access to energy and to contribute to the preservation and enhancement of the planet's natural resources

TERRA DE ESPERANÇA, ENERGIZA, FUMUKABA

Impact

- 500,000 trees planted
- 42.5 kton CO_2 sequestered over the next 30 years
- Around 6,000 Mozambicans with access to electricity from renewable sources
- 100,000 hectares of deforestation avoided in the next 30 years



+2,170 beneficiary entities

Education and Knowledge

To promote the access to inclusive and quality education, entrepreneurship and social innovation

EDUCATING FOR THE FUTURE (Mozambique and São Tomé and Príncipe)

Impact in 2020

- 141,000 students
- 276 social scholarships

Impact in 2025

- 11,261 students
- 700 social scholarships
- 10,277 indirect beneficiaries

PROMOTING SUSTAINABLE CONSUMPTION | Future UP

Impact in 2020

- + 1,001 schools | + 26,121 students | + 1,447 professors | + 210 energy classes

Impact in 2025

- + 2,643 schools | + 75,541 students | + 240 energy classes



+860 thousand direct beneficiaries **+213 Initiatives & Projects**

Social Emergences

To support communities in unexpected situations, through humanitarian aid, in cooperation and partnership

COVID-19 | A GESTURE CHANGES EVERYTHING

Impact

- + 524,000 people and 1,500 families received basic supplies, computers, energy and hygiene supplies in Portugal, Spain, Guinea-Bissau, Mozambique and São Tomé and Príncipe
- 115,000 litres of fuel donated to medical emergency responders (e.g.: first responders, firefighters in Portugal)
- 2,500 Covid-19 tests distributed in Portugal
- 171 lung ventilators offered to hospitals in Portugal, Cape Verde, Eswatini, Guinea-Bissau and Mozambique
- + 2,000,000 litres of drinking water distributed to communities at risk - Angola



+250 volunteers **+680h of volunteering**

5.4. **People at the centre**

Galp's Foundation activitiy

For its impact and example in promoting the energy transition, the Galp Foundation's Fumukaba Project, which promotes the replacement of charcoal and firewood with butane gas in Guinea-Bissau, was recognised by the Energy Globe Foundation with a national Energy Globe Award. The purpose of this initiative is to reward innovative and sustainable projects on a global level.

Galp's Foundation continues to focus on social investment and on contributing to achieve the UN's Sustainable Development Goals (SDG) in the various countries where it operates. The Foundation main goal is to support the Company in its purpose of generating shared value and contributing to society's energy transformation. With the support of Galp´s Group, Galp Foundation will continue to invest in education, mobilising communities to use sustainable energy and protect biodiversity. Website here

Covid-19: Social emergency response

During the pandemic, Galp and the Galp Foundation came together in various geographies to multiply their support and respond to the social emergency. Several initiatives were carried out in an integrated manner with the business areas, through products and services, most notably:

- Support to Hospitals and Health Services
  In order to support health institutions and frontline professionals in the fight against the pandemic, Galp has joined forces to strengthen the National Health Service with the donation of 171 lung ventilators, medical equipment, energy for hospitals and fuel for ambulances and emergency vehicles.

- Truck of Hope
  Galp has contributed to the increase in the number of tests carried out in areas in need. The "Truck of Hope" has travelled 3,100 km and passed through 21 locations, testing more than 2,500 people. This initiative received an Honourable Mention in the 6th Edition of the APEE Awards - The Association of Private Enterprise Education, in the "Community" category.

- Support to the school community
  Galp, in partnership with the Ministry of Education, donated computers to more than 1,200 children in Portugal and Spain. Thanks to this contribution, students with fewer resources were able to continue with their school activities remotely.

- Other initiatives
  In Angola, Brazil, Cape Verde, Kingdom of Eswatini, Mozambique, Guinea-Bissau and São Tomé and Príncipe, Galp contributed to expanding the means to provide medical assistance and to prevent the virus from spreading in the population. Galp also carried out information and awareness work in the communities and delivered food and individual protection to families in need.

5.4. **People at the centre**

- **London Benchmarking Group**

Galp classifies, manages, measures and communicates its contribution to society using the methodology of the London Benchmarking Group, an international benchmark, of which it is a member.

Motivation (€m)	
Donations	2.3
Community investment	15.7
Commercial initiatives in the community	1.4
Geography (€m)	
Europe	4.1
Middle East and Africa	0.9
South America	14.4
Total (€m)	**19.4**
Volunteering	
Number of volunteers	199
Volunteering hours (Galp employees)	766

- **Community investment per SDG**



5.5.

Reducing the ecological footprint

Our Goals

Increase ecoefficiency with a focus on the water consumption and air emission indicators by 2022

> 15%

No net loss on biodiversity

Sites assessed in terms of water and biodiversity risks

100%

Our Progress

[1] compared to 2017

NOx emissions[1]	SO_2 emissions[1]	Particulate emissions[1]	Water withdrawal[1]	Energy consumption[1]
-14%	-80%	-20%	-9%	-22%

Our alignment with the SDGs

SDGs and key targets

6 CLEAN WATER AND SANITATION

Target 6.4: Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialization

12 RESPONSIBLE CONSUMTION AND PRODUCTION

Target 12.2: Achieve sustainable management and efficient use of natural resources

Target 12.4: Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse

15 LIFE ON LAND

Target 15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

5.5. **Reducing the ecological footprint**

Promotion of eco-efficiency

Galp implements efficiency measures for the use and management of resources in all phases of the life cycle of installations, products and services from the conception and design, operation and useful life, to the end of life and decommissioning.

It also promotes the adoption of the best available technologies and sets goals and targets for the continuous improvement of its performance. Periodic performance monitoring and reporting plans are carried out in all geographies and subject to third party reviews.

	2017	2018	2019	2020	of which, Refining [1]
Direct energy consumption by primary sources (TJ)	49,815	41,688	40,906	38,863	99%
Purchase of electricity (TJ)	1,911	1,771	1,597	1,558	86%
Total raw water withdrawal (10^3 m^3)	10,812	10,319	10,774	9,881	90%
Wastewater (10^3 m^3)	5,697	6,455	5,989	5,913	90%
Waste produced (ton)	30,115	44,203	39,674	27,894	62%
Number of primary containment losses that impacted the environment [2]	3	8	3	7	14%
Volume of primary containment losses that impacted the environment (m^3)[2]	5	14	61	302	99%
GHG Emissions under the European Union Emissions Trading System ($tonCO_2e$)	3,578,168	3,216,219	3,258,709	3,067,805	100%
NOx emissions (ton)	1,617	1,530	1,458	1,384	96%
SO_2 Emissions (ton)	5,664	3,957	3,069	1,113	99%
Particulate emissions (ton)	227	221	243	182	99%
Carbon Footprint – Direct Emissions ($tonCO_2e$) (scope 1)	3,624,706	3,264,935	3,298,107	3,096,401	99%
Carbon Footprint – Indirect Emissions ($tonCO_2e$) (scope 2)	228,035	133,516	112,504	42,026	79%
Flaring gas – Upstream (m^3)	1,109,485	1,191,924	1,019,818	341,298	0%

[1] The refining activity is the segment with the greatest materiality in the environmental performance of the Company.
[2] Includes containment losses >150 L, excluding gaseous products.

5.5. **Reducing the ecological footprint**

Protection of water resources and biodiversity

Efficient and responsible use of water

15%
Water recovered in Galp operations

100%
Galp operations where water use risk is monitored

3.5%
Galp facilities located in areas with water scarcity

Galp actively protects water resources, safeguarding their quality and availability in the ecosystems. The risk associated with the use of water is assessed through specialised tools in this field – Water Risk Filter and Aqueduct Water Tool, developed by *World Wildlife Fund* (WWF) and *World Resources Institute* (WRI), respectively.

In addition to the adequate management of Galp's potential impact on this resource, the Company regularly and transparently communicates the mapping of its operations, according to the risk associated with water use. According to the mapping carried out in 2020, 3.5% of our operations are located in areas with water scarcity, representing only 0.05% of Galp's total water consumption.

Focused on the efficient and responsible use of water, Galp has adopted measures to reduce water consumption, increase its reuse and recycling, improve wastewater treatment and reduce associated discharges, namely in refineries, whose water consumption represents 90% of the total water used in the Company's operations. Galp also monitors the quality of its underground water resources, particularly in its operations in onshore operated blocks and in refineries, through its systematic and periodic control.

5.5. **Reducing the ecological footprint**

Protection of habitats and species



100%

All projects are assessed and monitored in terms of their environmental impact, by applying the mitigation hierarchy (avoid, minimize, restore and compensate) in the areas where we operate that possess relevant biodiversity on a national or global scale.

Galp is commited not to operate, explore, mine, or drill in World Heritage sites and areas protected by categories I through IV of the IUCN (International Union for Conservation of Nature)

Committed to protecting biodiversity and ecosystem services across all the geographies where it operates, Galp ensures the preservation of natural areas and species throughout the life cycle of its projects. This commitment is sustained on internal standards and procedures, aligned with the International Maritime Organisation (IMO), IOGP and Global Oil and Gas Industry Association for Environmental and Social Issues (IPIECA) guidelines, focusing on a better integration of biodiversity in environmental impact assessments, as well as the identification and implementation of appropriate solutions for the management of activities in potentially sensitive areas on this matter.

The risks and impacts are identified through the annual mapping of biodiversity preservation and protection areas around Galp facilities, up to a 50 km radius, using a specific tool – Integrated Biodiversity Assessment Tool (IBAT). Galp also monitors the number of threatened species in the areas surrounding its operations, according to the IUCN Red List - International Union for the Conservation of Nature.

None of Galp's upstream and refining operations is within an area of significant biodiversity relevance. For this analysis the Key Biodiversity Areas (Alliance for Zero Extinction Sites and Important Bird and Biodiversity Areas) were considered, in addition to the areas protected by the IUCN, Natura 2000 Network, Ramsar and sites classified as World Heritage by UNESCO.

- **Non-operated blocks**

Respecting the commitments established in the joint ventures, the partners who manage the blocks not operated by Galp develop a set of initiatives to promote and preserve biodiversity. Over the last 5 years, in the Santos Basin in Brazil, 11,300 birds, turtles and mammals have benefited from veterinary treatment.

Circular economy

Galp's ambition is to produce low carbon energy, increasing the input of secondary raw materials in the development of new products, thus obtaining economic and environmental advantages.

The Company is following the circular models that are being developed in the transportation, renewable energy and waste sectors, as they have proved to be crucial for the evolution of the fuel market size, prices and the competitiveness of its different technological routes.

During 2020, Galp worked together with World Business Council for Sustainable Development (WBCSD)/BCSD Portugal to implement the CTI tool – Circular Transition Indicators – in order to assess the level of circularity of a product.

5.6.

Developing a conscious business

Our Goals

100%

Galp Universe with the Human Rights assessment completed (most representative geographies)

0.3 by 2022

Accident Frequency Index (IFA)

100%

Tier 1 supplier evaluated in terms of ESG

Our Progress

Approx. 90% In the last 3 years

0.5

96%

Our alignment with the SDGs

SDGs and key targets

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.8: protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Target 16.5: substantially reduce corruption and bribery in all its forms

Target 16.6: develop effective, accountable and transparent institutions at all levels

Target 16.b: promote and enforce non-discriminatory laws and policies for sustainable development

17 PARTNERSHIPS FOR THE GOALS

Target 17.16: enhance the global partnership for sustainable development complemented by multi stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals

5.6. **Developing a conscious business**

Culture of transparency and ethics

The Code of Ethics and Conduct is one of the main expressions of the Organisation's corporate culture, guiding the personal and professional behaviour of all people in the Group, as well as the relationship with all stakeholders.

In 2020, Galp launched a new e-learning course on Galp's Code of Ethics and Conduct, available to all employees, with the purpose of increasing knowledge on topics such as conflicts of interest, prevention of corruption, moral harassment and human rights.

Galp has a confidential channel to communicate irregularities - "Open Talk" Ethics Line – available to any stakeholder related to the Company. This mechanism is managed by the Ethics and Conduct Committee, an independent and impartial internal structure that is responsible for monitoring the implementation and interpretation of the Code of Ethics and Conduct.

Combating corruption

The prevention of corruption is one of the commitments that Galp places greater emphasis on during its activities.

In order to underline the importance of each employee behaving with integrity, a transversal training course specifically dedicated to the prevention of corruption and conflicts of interest was also prepared in 2020. Online digital platforms have also been implemented to register offers and identify conflicts of interest.

In 2020, Galp started the process of certification of its Corruption Prevention Programme, according to the ISO 37001 Standard.

Addressing Human Rights

Protect, Respect, Repair

Galp is committed to act so that none of its actions and management activities lead, directly or indirectly, to the abuse or violation of human rights, in the various social, political and cultural contexts where it operates.

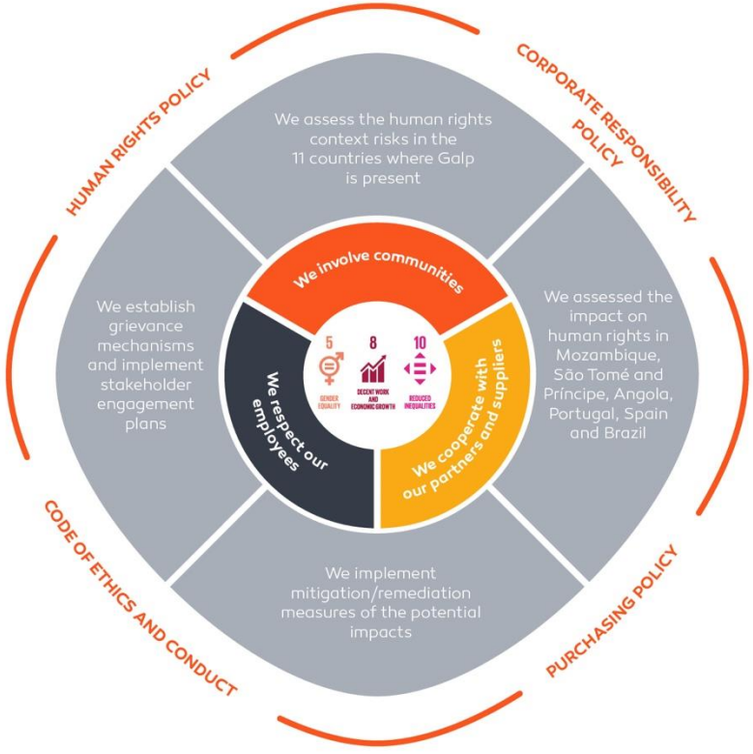
Galp adopts a continuous due diligence process to ensure this approach in the 11 countries where it operates. This process sets the definition of action plans, and their monitoring, to ensure that its practices are in line with Galp's Human Rights Policy. There are three focus areas where the respect for human rights is particularly critical in the way the Company operates: Communities, Employees, and Suppliers and Partners.

In 2020, Galp conducted a human rights assessment of its activities in Angola, interviewing employees and service providers on various topics, including health and safety, child labour, discrimination and diversity, vulnerable groups and communities, among others.

5.6. **Developing a conscious business**

By 2022, Galp aims to conduct human rights assessments in the most representative geographies where it operates.

Addressing Human Rights



Protecting people and assets

Responsibility creates safety

The safety of assets, people, and the environment is a critical objective for Galp. Since safety is a priority in all projects, and the Company's ambition is to achieve zero accidents, it seeks to act in accordance with the best safety practices, using international guidelines and experts in this field.

The effectiveness of the mitigation measures adopted is assessed and potential vulnerabilities of assets and operations are regularly identified in order to keep risk at acceptable levels.

- **Safety culture**

Galp is committed to enhancing the Safety Culture to a level of interdependence, where leadership by example and internal motivation to comply with the safety rules will prevail.

In 2020, a *Behaviour Based Safety* programme (called *Safety Talks*) was re-launched, with a strong digitalisation component and with the main purpose of highlighting safe behaviours and correcting unsafe ones. This year Galp also launched a welcoming package in e-learning format, designed to comply with the requirements of ISO 45001, and whose main goal is to provide *new comers* their first contact with safety issues.

In 2020, a total of 37,898 hours of training on safety and health topics was provided to 3,480 people from all geographies where Galp operates. Additionally, Galp also provided training on the transition from OHSAS 18001 to 45001 and training in the process safety framework for all employees.

5.6. **Developing a conscious business**

- **Personal safety performance**

In 2020 Galp had the best personal safety performance ever, reaching the reduction goals established, namely the maximum of 0.5 lost time injury per million of worked hours. This year was also keen to the consolidation of Galp's safety culture. A unique methodology for workplace risk analysis has been implemented, which includes a human factor assessment component. This process will be digitised, ensuring that each employee has the risk letter available on their mobile phone, as an alternative to the physical format. Thus, each employee can identify the risks he is susceptible to in his daily life and the measures he should use to mitigate them.

	2018				2019				2020			
	Fatalities	Accidents	IFA	IFAT	Fatalities	Accidents	IFA	IFAT	Fatalities	Accidents	IFA	IFAT
Employees	0	19	1.6	3.0	0	19	1.5	1.9	0	13	0.8	1.1
Service Providers	0	16	1.3	2.9	0	13	0.8	1.6	0	15	0.3	1.0
Employees and Service Providers	0	35	1.5	3.0	0	32	1.1	1.7	0	28	0.5	1.0

IFA (Accident Frequency Index): All accidents with lost time (including fatalities and accidents with sick leave) per million work hours.
IFAT (Total Accident Frequency Index): All accidents (includes fatalities, accidents with sick leave and medical treatment, excludes first aid) per million work hours.

- **Process safety**

In 2020, in addition to specific training on Galp's new process safety *framework*, the self-assessment process was initiated with the aim of identifying the gaps in each facility regarding the requirements of the *framework*. In 2021, this process will be used to assess Galp's operational risk level, which will be sustained either by the evolution of the action plan resulting from the self-assessments or by regular audits to be carried out from 2022 onwards.

Process Safety Event Rate	2018	2019	2020	2021 target
Tier 1	0.09	0.10	0.07	0.09
Tier 2	0.30	0.17	0.48	0.17

Tier 1 is a primary containment failure with major consequences: unplanned release from a process of any material, including non-toxic and non-flammable materials, resulting in very serious consequences.
Tier 2 is a primary containment failure with minor consequences: unplanned release of any material, including non-toxic and non-flammable materials, with consequences.

5.6. **Developing a conscious business**

Galp's process safety strategy has shown a positive trend in *tier 1,* improving by 30% compared to 2019.

Security

The year 2020 was mainly dedicated to reviewing the *Security* risk level in Galp's main facilities, ensuring that their risk level is low.

The implementation of the plans that resulted from previous evaluations was key to ensure that this objective was achieved. The risk level in 7 facilities was reassessed, with a reduction in the risk level in 6 and with 4 obtaining the low risk classification. In addition, in order to validate these results, Galp launched a Red Team exercise program to assess the vulnerability of its facilities.

Security and Human Rights – As a signatory of the *Voluntary Principles on Security and Human Rights*, Galp works diligently to incorporate these principles into its operations and business. In 2020, Galp continued with the implementation of the action plan that resulted from the human rights assessments carried out in Mozambique and Brazil, as well as the training on human rights and the use of force.

Health protection

Galp has defined, and has been updating, a contingency plan oriented to the prevention and mitigation of risks associated with the propagation of the new Covid-19 virus, complementing its Business Continuity Plans, in particular the Pandemic Prevention Plan. The primary goal is to ensure an adequate work environment for all employees, to serve its clients and to maintain the resilience of its operations.

This plan determined the adoption of several measures and initiatives, aligned with the general recommendations of the World Health Organization (WHO) and the Portuguese National Health Service (NHS), as well as other supplementary measures deemed appropriate to ensure the continuity of the various businesses and their facilities in the various geographies.

In 2020, the emphasis was on strengthening hygiene and health conditions at work, defining travel rules and socialisation rules within the Company. It was also a time for teleworking, for duties that could be performed in that manner, with several corporate initiatives to minimise the impacts of this situation – awareness of good practices in remote work, online physical exercises, online meditation and psychological support line.



25,704 kits of individual protection equipment



1,209 PCR tests



7,591 serological tests

5.6. **Developing a conscious business**

Cybersecurity

In the current context of digital transformation (reinforced by the response to Covid-19) and the global increase of the risk of cyber-threats to organisations and their digital systems, Galp is bolstering its Cyber-Security and Cyber-Resilience, with the goal of increasing its capacity to anticipate, protect, and respond to this type of risk, guaranteeing the availability of the services provided to customers.

In 2020 Galp invested in the development of the Cybersecurity Management System, the improvement of the capacity to anticipate and manage cyber risks (including those from service providers), the protection of networks and systems, and the detection capacity and resilience against cyber threats. An example of this was the creation of the Galp CSIRT (CyberSecurity Incident Response Team), a cyber security incident response team working 24/7 to respond to all kinds of cyber threats.

Engagement with suppliers

Fundamental principles of conduct

100% of Galp's purchases include sustainability criteria in their contractual clauses.

Galp's relationship with business partners is built on recognised policies, codes, and practices aligned with demanding management, ethical, social, environmental, and quality standards.

This partnership is guided by four fundamental principles, ensuring that all suppliers are committed to them throughout the entire value chain.

- Respect human rights and work conditions
- Act with transparency and integrity
- Understand quality as a critical success factor
- Protect the environment, people and assets.

100% of tier 1 employees and suppliers had access to e-learning sessions on Galp's Code of Ethics and Conduct.

5.6. **Developing a conscious business**

Suppliers evaluation



[1] Critical suppliers: Suppliers with HSE, cyber-security, GDPR or business continuity risks; non-replaceable suppliers; suppliers of goods or services whose failure to supply or continue operations may affect the Galp Group's activities, in areas such as legal compliance and the safety of people, assets and the environment.

Suppliers and sustainability risk

Galp has a methodology in place to assess and manage the sustainability risks of the supply chain, which involves different stages:

- Qualification and assessment of vendor bids for services with health, safety and environment (HSE), cyber security, general data protection regulation (GDPR) or business continuity risks;
- Evaluation and monitoring of the financial health of the supplier;
- ESG risk surveys, answered through the S4G purchasing platform and *Procurement Catalyst*;
- Audit and evaluation of ESG services.

Assessment of suppliers' exposure to sustainability risk

	Percentage of suppliers assessed in the last 3 years	
Type of supplier	2019	2020
Tier 1	92%	96%
Non-tier 1	87%	95%

5.6. **Developing a conscious business**

As a guarantee of its commitment to continuously improve its sustainability performance, Galp values suppliers that are certified in internationally recognized standards. By 2020, over 60% of critical Tier 1 suppliers are certified.

International Standard	2018	2019	2020
ISO 9001	2,791	3,127	2,931
ISO 14001	1,474	1,872	1,640
OHSAS 18001	1,330	1,971	1,678
Other certifications	760	956	1,887

- **Continuous monitoring of supplier performance**

Galp's programme of audits to current or potential suppliers is based on the Company's commitment to consistently promote its sustainability policies and practices within the supply chain.

According to previously defined requirements and considering the applicable legislation in the country where the audit was conducted, in 2020, 169 audits were carried out.

Galp also ensures that corrective action plans or improvement action plans are applied to 100% of the suppliers who have had serious issues identified during audits.

Galp's target is to conduct 35 in-site audits to suppliers in 2021

Corporate governance



6.1.

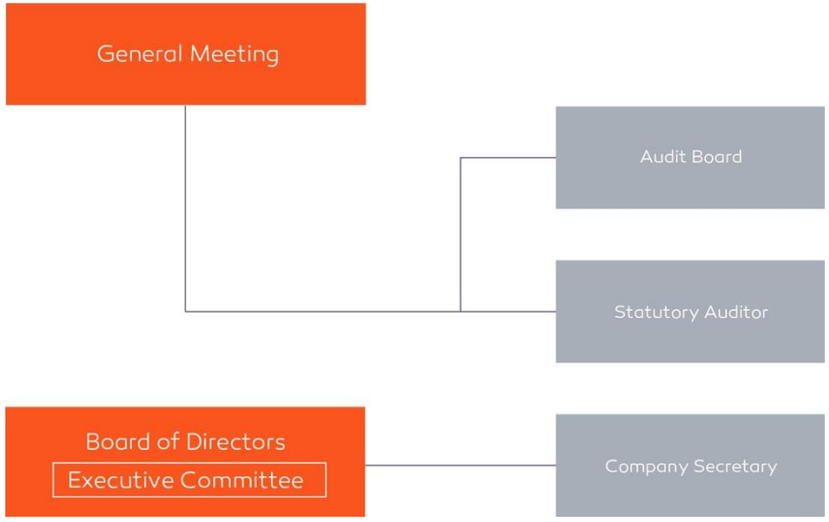
Governance model

Galp adopts the classic monist corporate governance model, which comprises:

- General Meeting, which gathers the Company's shareholders;
- Management, divided between a Board of Directors and an Executive Committee with delegated powers;
- Supervision, which includes an Audit Board and a Statutory Auditor; and
- Company Secretary, in charge of the specialized support to the corporate bodies.

Galp's governance model seeks the transparency and efficiency of the Groups operation, based on a separation of management powers from supervisory powers. While the Board of Directors performs a role of supervision, control and monitoring of strategic guidelines, the role of the Executive Committee - delegated by the Board of Directors - is operational in nature and consists of the day-to-day management of the business and the corporate centre.

The supervisory powers of the Board are bolstered by the existence of a Lead Independent Director and three committees created within the Board, comprised exclusively by non-executive directors. These committees provide support on key issues related to its supervisory role.

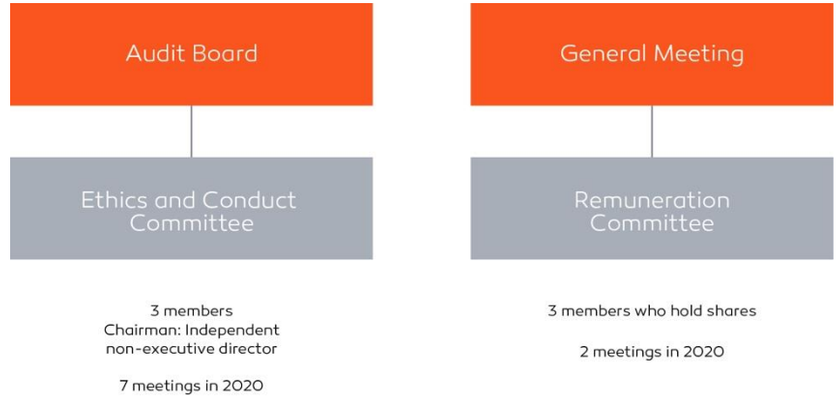




6.1. **Governance model**

The Company also has other specialised committees dedicated to relevant issues.

For more details on the governance model, please refer to Part II of this report - Corporate Governance Report.



	Risk Management Committee	Sustainability Committee	Auditing Committee
Duties	Monitoring Galp's risk management system	Monitoring the integration of sustainability principles into the management process	Monitoring the supervision of the internal audit system

	Ethics and Conduct Committee	Remuneration Committee
Duties	Monitoring the implementation of the Code of Ethics and Conduct; clarifying questions about its application and reception and processing irregularity reports through the Opentalk ethics line.	Setting the remuneration of the corporate bodies' members; preparation and presentation to the General Meeting of the annual statement on the remuneration policy of the corporate bodies; annual performance review of executive directors.

6.2.

Corporate bodies

Board of Directors



Chairman
Paula Amorim
Chairman of the Audit Committee
First appointment: 24 April 2012



Vice-Chairman and Lead Independent Director
Miguel Athayde Marques
Chairman of the Sustainability Committee | Member of the Risk Management Committee
First appointment: 23 November 2012



Vice-Chairman and Chairman of the Executive Committee (CEO)
Andy Brown
First appointment: 5 February 2021



Chief Financial Officer
Filipe Crisóstomo Silva
First appointment: 26 July 2012



COO Upstream
Thore E. Kristiansen
First appointment: 3 October 2014



COO Commercial
Sofia Tenreiro
First appointment: 12 April 2019



COO Refining & Midstream
José Carlos Silva
First appointment: 23 November 2012



COO Renewables & New Businesses
Susana Quintana-Plaza
First appointment: 12 April 2019



COO Corporate & Others
Carlos Costa Pina
First appointment: 24 April 2012



Luís Todo Bom
Chairman of the Risk Management Committee
Member of the Audit Committee
First appointment: 23 November 2012



Adolfo Mesquita Nunes
Chairman of the Ethics and Conduct Committee
First appointment: 12 April 2019



Cristina Neves Fonseca
Member of the Sustainability Committee
First appointment: 12 April 2019



Edmar de Almeida
First appointment: 12 April 2019



Diogo Mendonça Tavares
Member of the Sustainability Committee
First appointment: 22 February 2006



Rui Paulo Gonçalves
Member of the Risk Management Committee
First appointment: 6 May 2008



Jorge Seabra de Freitas
Member of the Audit Committee
First appointment: 23 November 2012



Francisco Teixeira Rêgo
First appointment: 16 April 2015



Marta Amorim
First appointment: 14 October 20161



Carlos Pinto
First appointment: 12 April 2019

42%
of non-executive directors are **independent**

Executive Member
Independent Member[1]
Other Non-executive Members

[1] According to the criteria for ascertaining the independence of non-executive directors, as set down in the Corporate Governance Code of the Portuguese Institute of Corporate Governance.

Note: The former executive director Carlos Gomes da Silva resigned on 5th February 2021 and was replaced by Andy Brown on the same date by co-optation.

6.2. **Corporate bodies**

The Board of Directors includes 12 non-executive directors, which represents 63% of the total number of directors, of which five are independent, that is 42%. This constitutes an adequate number of non-executive and independent directors, considering the governance model adopted by the Company, Galp's shareholder structure, the respective free float, the size of the Company and the complexity of the risks inherent to its activity, in accordance with the recommendations of Portuguese Institute of Corporate Governance's (IPCG) Corporate Governance Code.

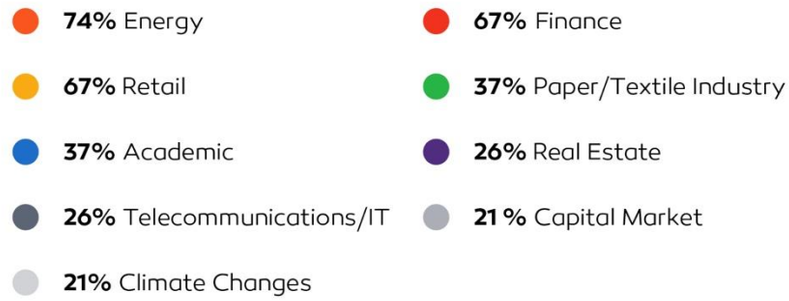
Diversity within the board of directors

- Age: 33 to 75;
- Gender 26.3% female (above the legal minimum of 20%);
- Geographical: 6 countries; and
- Independence: 42% of non-executive directors are independent.

The Diversity Policy in the management and supervisory bodies approved by the Board of Directors on 15th December 2019 had an impact on the appointments made at the 2019 elective General Meeting, with the election of individuals for the Board of Directors who, in addition to age, gender and geographical diversity, possess a variety of skills, academic backgrounds and professional experience, as shown in the figure below. These are suitable for the Galp's activities and strategy, displaying an effective diversity within the Board of Directors, which takes a relevant role in the Company's decision-making process.

For further information on the powers of the members of the Board of Directors, refer to section 19 of Part II of this report - Corporate Governance Report.

Board of Directors' Skills



Powers of the board of directors

- Definition of the tasks of supervision, control and monitoring of the strategic guidelines;
- Monitoring the management and relationship between the shareholders and the other corporate bodies; and
- Issues of exclusive competence - not subject to being delegated by the Executive Committee - and which enable it to promote the definition and monitoring of Galp's strategic guidelines.

6.2. **Corporate bodies**

Election

Under Portuguese law, the members of the Board of Directors are elected by the shareholders at a General Meeting, for four calendar years, through lists, with the vote being or the entire list and not for each of its members. Galp's By-laws ensure that minority shareholders holding a minimum percentage of voting rights, by themselves or in groups with others, have the right to propose the election of a single director.

Nevertheless, the continuity of each director in office depends on his annual performance review, through a vote of praise and/or confidence. The absence of a positive annual review, materialised through a vote of no confidence, may lead to the dismissal of the director in question, as provided for by law.

Limitation of positions

All members of the Board of Directors must have the proper availability for the exercise of their duties, and therefore it is stipulated in the respective internal regulations that non-executive directors must not have management positions in more than four companies with shares listed on a regulated market outside of the Galp Group.

Performance review

The Board of Directors annually reviews its performance and the performance of its committees. This review takes into account compliance with the Company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to those goals, as well as the relations of the Board of Directors itself with the other Company bodies and committees.

Meetings held in 2020: 11
(attendance: 99%)

6.2. **Corporate bodies**

Executive Committee



CEO
Andy Brown

- Strategy and Market Intelligence
- Investor Relations
- People
- Marketing and Communication
- Legal
- Corporate Secretary and Governance



CFO
Filipe Crisóstomo Silva

- Corporate Planning and Control
- Corporate Finance and M&A
- Accounting, Tax and Internal Control
- IT & Digital
- Data Office



COO
Thore E. Kristiansen

- Upstream



COO
Sofia Tenreiro

- Commercial



COO
José Carlos Silva

- Refining & Midstream
- Procurement & Contracting
- Engineering and Project Management
- Asset Management



COO
Susana Quintana-Plaza

- Renewables & New Businesses
- Innovation



COO
Carlos Costa Pina

- Risk Management
- Safety and Sustainability
- External Relations
- Regulation

Note: The former executive director Carlos Gomes da Silva resigned on 5th February 2021 and was replaced by Andy Brown on the same date by co-optation.

6.2. **Corporate bodies**

Powers of the executive committee

Day-to-day management of the business and of the corporate centre, in accordance with the delegation of powers, with the strategic guidelines defined by the Board of Directors and in accordance with the functional delegation between the members of the Executive Committee relating to the business and activities of the Company and of the Group companies set by the Chairman of the Executive Committee.

Performance review

The executive directors are evaluated each year by the Remuneration Committee, based on compliance with certain economic, financial, operational and safety and environmental sustainability objectives, defined annually in the remuneration policy proposed by the Remuneration Committee and subject to approval by the General Meeting.

Limitation of positions

According to the internal regulations of the Board of Directors, the members of the Executive Committee should not have executive positions in companies with shares recognised for trading on a regulated market that are not part of the Galp Group.

Meetings held in 2020: 46
(attendance: 99%)

Audit board

Chairman: José Pereira Alves
Members: Fátima Geada and Pedro Almeida

Powers:

- Control of the Company's financial information;
- Supervision of internal risk management, internal control and internal audit systems;
- Receive and processing irregularity reports through the Ethics and Conduct Committee;
- Select and propose the Statutory Auditor to the General Meeting and the respective remuneration;
- Check and control the independence of the External Auditor; and
- Monitor, assess and weigh, within the powers legally granted to the Supervisory Board, the strategic lines and risk policy defined by the Board of Directors.

Statutory auditor

Effective: Ernst & Young Audit & Associados, SROC, S.A., represented by Rui Abel Serra Martins
Alternate: Manuel Mota

Powers:

- Control and review the Company's financial information

6.2. **Corporate bodies**

Board of the general meeting

President: Ana Perestrelo de Oliveira
Vice President: Rafael Lucas Pires
Secretary: Sofia Leite Borges

The General Assembly is the ultimate governing body of the Company. It is through this body that the shareholders actively participate in the Company's decisions. Any shareholder who holds at least one share on the registration date and has declared that intention by providing evidence of such ownership within the legal deadlines may attend, discuss and vote at the General Meeting, either in person or through a representative. Galp shareholders may also exercise their right to vote by correspondence and by participating in the meeting through telematic means.

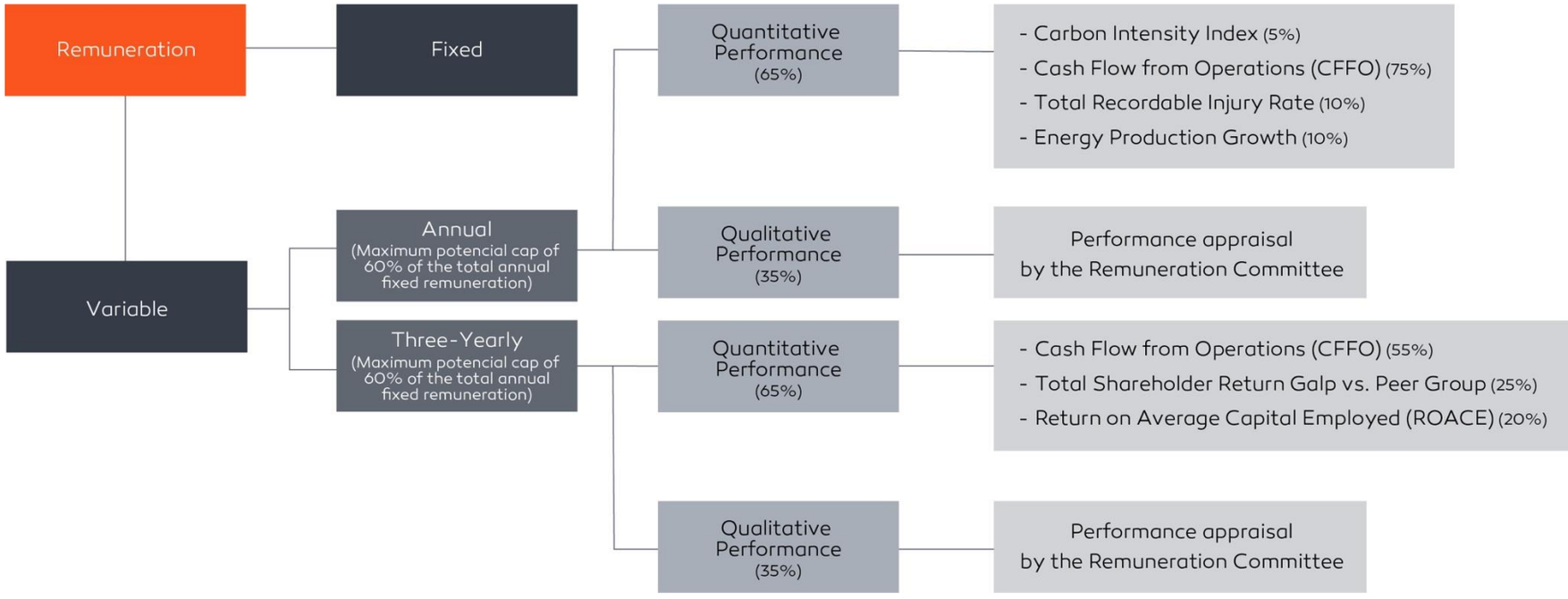
6.3.

Remuneration policy

In accordance with the say-on-pay principle, the General Meeting on 24th April 2020 approved, with 98.13% of the votes, the annual statement presented on the remuneration policy of its corporate bodies for 2020, pursuant to Article 2 of Law No. 28/2009 of 19th June, as currently drafted by the Remuneration Committee, the appropriate statutory body to approve the remuneration of the corporate bodies (Article 8 of the Bylaws).

In order to encourage management in line with the medium and long-term interests of the Company and its shareholders, the remuneration policy has annual and multi-annual goals for the executive members of the Board of Directors, considering a three-year period for determining the value of the remuneration's multi-annual variable component and deferring a significant portion of the three-year period payment, which depends on the Company's performance during this period.

The remuneration policy for executive directors for 2020 did not suffer any changes in relation to the policy defined at the General Meeting of 2nd April 2019 for the 2019-2022 four-year period, which is outlined in the following page below.



6.3. **Remuneration policy**

Remuneration structure of executive members of the board of directors

The remuneration of Galp's directors includes all remuneration for positions held in corporate bodies of other Group companies.

The Remuneration Policy for 2020 foresees the possibility of returning the amount of variable remuneration attributed to a member of the Executive Committee under certain situations (claw-back).

The total and individual annual amount of remuneration received by the members of the Board of Directors in 2020, as established by the Remuneration Committee, as well as other information related to the Remuneration Policy, are available in section 77, Part II of this report - Corporate Governance Report.

The non-executive members of the Board of Directors receive a fixed monthly amount established by the Remuneration Committee, taking into account current market practices. It may differ in the case of non-executive members who perform special supervisory duties or are a member of a special committee. The Chairman of the Board of Directors waived her remuneration, donating the respective value to the Galp Foundation.

The members of the Audit Board receive a monthly fixed remuneration, paid twelve times a year, and the remuneration of the Chairman of the Supervisory Board is differentiated, taking into account his special duties. The remuneration of the members of the Audit Board does not include any variable component.

The Statutory Auditor has the remuneration contracted under normal market conditions.

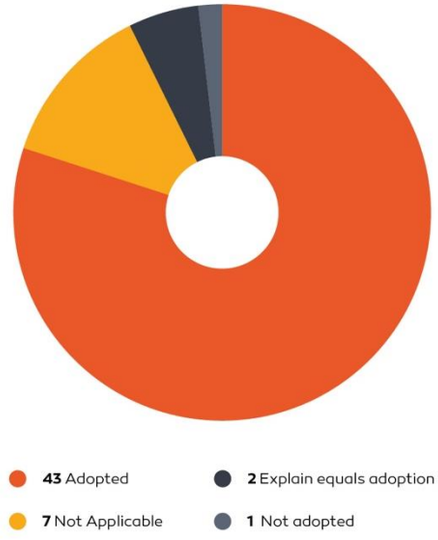
6.4.

Compliance with the corporate governance code

Galp has voluntarily decided to adopt the Corporate Governance Code of the Portuguese Institute of Corporate Governance, approved in 2018 and revised in 2020 ("Código de Governo das Sociedades do IPCG"), which is available on this entity's website: https://www.cgov.pt. The code consists on a set of principles and recommendations of good governance in line with the best international practices and adapted to the Portuguese corporate reality.

In 2020 Galp adopted 44 recommendations of 45 applicable to it, as shown in the image at right.

In Part II of this report - Corporate Governance Report, there is a presentation about the adoption of the recommendations, in accordance with the "comply or explain" rule.



Proposal of allocation of results



The Galp Energia SGPS, S.A. net profit for the year ended as of 31st December 2020 was €337,427,016.86, calculated based on its individual financial statements for the year ended 31st December 2020 prepared in accordance with IFRS.

The Board of Directors proposes, under legal terms, that the net profit for 2020 should have the following appropriation: €290,237,722.25 (€0.35/share) should be distributed to shareholders as dividends and the difference of €47,189,294.61, to be transferred to retained earnings.

Lisbon, 19th March 2021

The board of directors

Chairman

Paula Amorim

Vice-chairmen

Miguel Athayde Marques

Andy Brown

Members

Filipe Crisóstomo Silva

Thore E. Kristiansen

Carlos Costa Pina

José Carlos Silva

Sofia Tenreiro

Susana Quintana-Plaza

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, including with respect to energy transition, carbon intensity reduction or carbon neutrality. An ambition expresses an outcome desired or intended by Galp, it being specified that the means to be deployed may not depend solely on Galp. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management's expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such those statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Galp to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements may generally be identified by the use of the future or conditional tense or the use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "envision", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp's management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments' performance with those of its competitors. This document also contains non-financial performance indicators, including a carbon intensity indicator for energy products sold by Galp, that measures the amount of greenhouse gas emissions of those products, from their production to their end use, per unit of energy delivered. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchased (scope 2), as well as the emissions associated with the use of products by Galp's costumers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp's website at galp.com.

Galp and its respective representatives, agents, employees or advisers do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this document to reflect any change in events, conditions or circumstances. This document does not constitute investment advice nor forms part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of Galp or any of its subsidiaries or affiliates in any jurisdiction or an inducement to engage in any investment activity in any jurisdiction.

Part II - Corporate Governance Report 2020

Leading today's energy into our future

galp

Part I - Information on the company's shareholding structure, organization and corporate governance

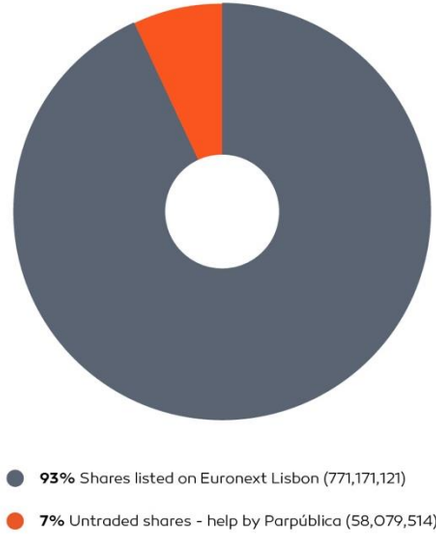
This report describes in detail the corporate governance structure and practices adopted by Galp during the year 2020, to comply with Article 245-A of the Portuguese Securities Code and the governance code report model approved by CMVM Regulation No. 4/2013, which is available on the CMVM website at https://www.cmvm.pt/en/Legislacao/National_legislation/Regulamentos/Documents/Reg4_2013.Governo.das.Sociedades.en.pdf

A. Shareholding structure

I. Capital structure

1. Capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including shares that are not admitted to trading, different classes of shares, the corresponding rights and duties, and the capital percentage that each category represents (Article 245-A(1)(a)).

Share capital	€829,250,635, fully paid-up shares
Shares	829,250,635 ordinary shares Nominal value of €1 per share



Note: non-listed shares are owned by Parpública and, under the applicable legal framework, must be placed through a regulated market, as they were not used to repay the exchangeable bonds. These shares do not have any special rights and may be fungible with the remaining shares upon request without requiring the approval of any Galp´s Company Bodies.

2. Restrictions on the transfer of shares, such as consent clauses on disposal or limits on share ownership (Article 245-A(1)(b)).

Galp shares are freely transferable with no restrictions in the By-laws to their transferability or ownership.

3. Number of treasury shares, the percentage of share capital represented by these shares and the corresponding percentage of voting rights (Article 245-A(1)(a)).

As at 31 December 2020, Galp held no treasury shares or bonds.

4. Agreements which the company is a party and which come into effect, are amended or are terminated after events such as a change in the control of the company following a takeover bid, as well as the respective effects, except where, owing to the nature of the same, disclosure would be seriously detrimental to the company, except where the Company is specifically required to disclose such information pursuant to other legal requirements (Article 245-A(1)(j)).

Galp is not a party to any agreement which takes effect, is amended or terminated in the event of a change of control of the Company.

In line with normal market practice, some financing agreements and bond issues include change-of-control provisions, with the possibility of the relevant creditors/bond holders requesting early repayment. These contracts have no adverse effect on the financial interest in transferring shares in Galp or on the free appraisal of the directors' performance by the shareholders.

Nor has Galp adopted any mechanism which entails making payments or undertaking responsibility for costs in the event of a change of control or a change in the composition of the Board of Directors which could adversely affect the transfer of the shares and the appraisal by the shareholders of the performance of the members of the Board of Directors.

5. Framework for the renewal or withdrawal of countermeasures, particularly those which establish a restriction on the number of votes that can be held or exercised by a single shareholder, individually or together with other shareholders.

Not applicable. Galp´s By-laws enshrine the "one share, one vote" principle, and there are no By-law provisions or other legal instruments which impose any limitation on the number of votes which can be held or exercised by a single shareholder, individually or together with other shareholders, or other protective measures.

6. Shareholder agreements which the company is aware of and which could result in restrictions on the transfer of securities or voting rights (Article 245-A(1)(g)).

The Company is not aware of any shareholders' agreements relating to Galp which could lead to restrictions on the transfer of securities or the exercise of voting rights.

II. Shares and Bonds held

7. Details of the natural or legal persons that are, directly or indirectly, the holders of any qualifying holdings (Article 245-A(1)(c) and (d) and Article 16), showing the allocated percentage of capital and votes, as well as the sources and reasons.

Shareholders and other entities are required to report qualifying holdings to the CMVM and to Galp when the holding attributable to such shareholder or entity reaches exceeds or falls below the thresholds of 2%, 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the voting rights in Galp's share capital. These reporting duties are generally applicable in European Union countries. In Portugal, are set out in Article 16 of the Portuguese Securities Code, which is available on the CMVM website at www.cmvm.pt.

As at 31 December 2020, the qualifying holdings in Galp's share capital, calculated in accordance with Article 20 of the Portuguese Securities Code and reported to Galp, for the purposes of Article 16 of the Portuguese Securities Code, were as follows:

Shareholders	Number of shares	% of voting rights
Amorim Energia B.V.	276,472,161	33.34%
Parpública - Participações Públicas (SGPS), S.A.[2]	62,021,340[1]	7.48%
T. Rowe Price Group, Inc.[3]	41,647,067	5.02%
BlackRock, Inc.[3]	41,449,604	4.998%
The Capital Group Companies, Inc.[3]	16,215,147	1.96%
The Bank of New York Mellon Corporation[3]	17,283,900	2.08%
Massachusetts Financial Services Company[3]	41,678,569	5.02%
Black Creek Investment Management Inc.[3]	16,834,007	2.030%

[1] 58,079,514 of which subject to privatization process
[2] direct holding
[3] indirect ownership:
- To T. Rowe Price Group, Inc. are attributed voting rights on indirectly held shares corresponding to 5.02% of Galp's share capital, of which 4.30% are also attributable to T. Rowe Price International Ltd, in accordance with article 20 (1) (b) of the Portuguese Securities Code.
- BlackRock, Inc. has voting rights on indirectly held shares corresponding to 4.998% of Galp's share capital. The 41,449,604 voting rights attributed to BlackRock, Inc. result from the sum of
(i) 39,928,424 - indirect ownership of Galp shares (corresponding to 4.82% of Galp's voting rights);
(ii) 1,521,180 - holding of other financial instruments, namely the CFD (corresponding to 0.18% of Galp voting rights).
The list of subsidiaries and entities of the BlackRock, Inc. Group to which the voting rights inherent to this indirect holding are also attributed, in accordance with article 20 (1) (b) of the Portuguese Securities Code, is available at: https://www.galp.com/corp/en/investors/publications-and-announcements/investor-announcements/investor-announcement/id/892
- The Bank of New York Mellon Corporation is vested with voting rights on shares and ADR held indirectly, corresponding to 2.08% of Galp's share capital. Of the 17,283,900 shares indirectly held by The Bank of New York Mellon Corporation, 17,039,968 (corresponding to 2.05% of Galp's voting rights) are indirectly held (through MBC Investments Corporation), while 243,932 shares (corresponding to 0.03% of Galp's voting rights) are indirectly attributable to The Bank of New York Mellon Corporation through American Depositary Receipts (ADR). The list of subsidiaries and Group entities of The Bank of New York Mellon Corporation to which the voting rights inherent in this indirect holding are also attributed, pursuant to article 20 (1) (b) of the Portuguese Securities Code, is available at: https://www.galp.com/corp/en/investors/publications-and-announcements/investor-announcements/investor-announcement/id/1088
- Massachusetts Financial Services Company has voting rights with respect to:
(i) 28,168,310 shares held directly (corresponding to 3.40% of Galp's share capital);
(ii) 13,452,239 Common Stock Shares and 58,020 Depository Receipt converted to the Common Stock shares held indirectly (corresponding, in total, to 1.62% of Galp's share capital).
- Black Creek, directly, holds 1,300,837 shares and voting rights corresponding to 0.157% of Galp's share capital and, indirectly, holds 15,533,170 shares and voting rights corresponding to 1.873% of Galp's share capital. Black Creek is an investment manager. The shares are held (beneficial owner) by 22 funds and clients, to whom Black Creek provides investment advisory services. None of Black Creek's funds or clients individually exceeds the 2% limit. The funds and clients have assigned to Black Creek the voting rights (proxy).

During 2020, the following transactions took place with qualified shareholders:

	Transaction date	Description of the transaction
The Bank of New York Mellon Corporation	8 January 2020	Decrease to below 2%
T. Rowe Price Group, Inc	16 April 2020	Increase to above 5%
Black Creek Investment Management Inc.	22 April 2020	Increase to above 2%
The Bank of New York Mellon Corporation	7 May 2020	Increase to above 2%
Black Creek Investment Management Inc.	9 June 2020	Decrease to below 2%
Black Creek Investment Management Inc.	9 June 2020	Increase to above 2%
Massachusetts Financial Services Company	26 October 2020	Increase to above 5%
The Capital Group Companies, Inc.	27 October 2020	Decrease to below 2%

8. List of the number of shares and bonds held by members of the management and supervisory bodies

	Total of shares as at 31.12.2019	From 1 January to 31 December 2020						Total of shares as at 31.12.2020
		Acquisition			Disposal			
		Data	No. of shares	Value (€/share)	Date	No. of shares	Value (€/share)	
Chairman								
Paula Amorim[1]	0							0
Vice-Chairman								
Miguel Athayde Marques	1 800							1 800
Carlos Gomes da Silva *	2 410	13.03.20 28.10.20	7 500 7 500	8.63943 7.05581				17 410
Directors								
Filipe Crisóstomo Silva	10 000	13.03.20 28.10.20	5 000 5 000	8.52389 7.026351				20 000
Thore E. Kristiansen	0							0
Carlos Costa Pina	2 200							2 200
José Carlos Silva	275							275
Sofia Tenreiro	0	16.03.20	1 500	7.882197				1 500
Susana Quintana-Plaza	0							0
Marta Amorim [1]	19 263							19 263
Francisco Teixeira Rêgo[1]	17 680							17 680
Carlos Pinto	0							0
Luís Todo Bom	0							0
Jorge Seabra de Freitas[1]	0							0
Rui Paulo Gonçalves[1]	0							0

	Total of shares as at 31.12.2019	From 1 January to 31 December 2020						Total of shares as at 31.12.2020
		Acquisition			Disposal			
		Data	No. of shares	Value (€/share)	Date	No. of shares	Value (€/share)	
Diogo Tavares	2 940	05.11.20	27.600	6.897911				30 540
Edmar de Almeida	0							0
Cristina Fonseca	0							0
Adolfo Mesquita Nunes	0							0
Members of the Audit Board								
Chairman								
José Pereira Alves	0							0
Members:								
Maria de Fátima Geada	0							0
Pedro Antunes de Almeida	5							5
Alternate: Amável Calhau	0							0
Statutory Auditor								
Effective								
Ernst & Young Audit & Associados, SROC, S.A. representado por Rui Martins	0							0
Alternate								
Manuel Mota	0							0

[1]For the purposes of article 447, no. 2, paragraph d) of the Companies Code, it is further stated that Amorim Energia B.V., in which the director appointed also performs management functions, holds 276,472,161 Galp shares
* Terminated his office by resignation, effective on 5 February 2021, having been replaced by Andy Brown on that date, by co-optation. Andy Brown holds no shares or bonds issued by the Company.

On 31 December 2020, none of the members of the management and supervisory bodies held any bonds issued by the Company.

Note: The number of shares held by the CEO in functions as of December 31, 2020, expressed as a multiple of the respective fixed annual salary, is 0,1544; the average number of shares held by executive members (except CEO), expressed as a multiple of the respective fixed annual salary, is 0,1561.

9. Special powers of the Board of Directors, particularly with regard to resolutions on capital increase (Article 245-A(1)(I) of the Portuguese Securities Code), stating the date the powers were conferred, the time period within which they may be exercised, the upper threshold for the capital increase, the amount already issued under the allocation of powers and the manner of implementing the allocated powers.

The Board of Directors has the management powers laid down in company law for the relevant governance model. The By-laws grant no special powers to the Board of Directors, including the possibility of passing a resolution on share capital increases.

The Annual General Meeting held in 2020 granted the Board of Directors the power to acquire and dispose of the Company's treasury shares and bonds, on the terms to be decided in line with market conditions, and the criteria approved at the General Meeting, in accordance with the applicable laws and regulations.

The relevant resolution is available on Galp's website at https://www.galp.com/corp/en/investors/information-to-shareholders/general-shareholders-meetings/general-shareholders-meeting/id/21

10. Information on any material business relationships between the holders of qualifying holdings and the Company.

In 2020, there were no material business relationships between the holders of qualifying holdings and Galp.

B. Company bodies and committees

I. General meeting

a) Composition of the Board of the General Meeting

11. Names and position of the members of the Board of the General Meeting and their term of office (start and end dates).

Under Article 11(2) of the By-laws, the Board of the General Meeting consists of a Chairman, a Vice-Chairman and a Secretary, each of whom is elected at the General Meeting.

The members of the Board of the General Meeting elected for the 2019–2022 term of office, beginning on 12 April 2019 and ending on 31 December 2022 (without prejudice to remaining in office until the election of new members), are as follows:

Chairman: Ana Perestrelo de Oliveira
Vice-Chairman: Rafael Lucas Pires
Secretary: Sofia Leite Borges

b) Exercising the right to vote

12. Any restrictions on the right to vote, such as voting right restrictions based on a number or percentage of shares, deadlines for exercising voting rights or systems where by the financial rights attached to securities are detached (Article 245-A(1)(f) of the Portuguese Securities Code).

The By-laws enshrine the "one share, one vote" principle and there are no By-law provisions or other legal instruments which restrict the exercising of voting rights. There are no systems for detaching rights.

Galp has not established any mechanism that would have the effect of creating a discrepancy between the right to receive dividends, or to subscribe new securities, and the voting rights carried by each share.

The right to vote is exercised pursuant to Article 10(1) of the By- laws, in accordance with the I and II Shareholders' Rights Directives, as transposed into the Portuguese Securities Code. Therefore, any shareholder may attend, take part in the discussions and vote at the General Meeting, in person or by proxy, subject to the following requirements:

- on the registration date, i.e., 00:00 (WEST) of the fifth trading day prior to the date of the General Meeting, s/ he is a holder of at least one share;

- s/he must state, in writing, an intention to attend the General Meeting and send this intention to the Chairman of the Board of the General Meeting and to the financial intermediary where the individual registration account is open by the end of the sixth trading day prior to the date of the General Meeting;

- s/he proves ownership of the share(s) by sending the Chairman of the Board of the General Meeting a declaration issued and sent by the financial intermediary, containing information about the number of shares that have been registered and their registration date, by 23:59 (WEST) of the registration date, which corresponds to the 5th trading day preceding the date of the General Meeting.

The exercise of these rights is not affected by the transfer of the shares at any time after 00:00 (WEST) on the registration date, and does not depend on the shares being blocked between that date and the date of the General Meeting. However, shareholders who – having declared their intention to attend the General Meeting – transfer the ownership of shares between 00:00 (WEST) on the registration date and the end of the General Meeting must immediately inform the Chairman of the Board of the General Meeting and the CMVM.

Article 10(6) to (9) of the By-laws permits the unrestricted exercise of the voting right by correspondence and, despite not being provided for in the By-laws, votes may also be cast electronically, pursuant to the law and in accordance with the requirements established by the Chairman of the Board of the General Meeting in the convening notice for the relevant General Meeting, in order to ensure authenticity and confidentiality.

This possibility has been included in all convening notices of Galp's General Meetings, including the convening notice for the 2020 Annual General Meeting, and has been a repeated practice since 2015.

As specified in the convening notice for the relevant General Shareholders' Meeting, shareholders may also participate in the General Meeting by telematic means. Detailed instructions for participating are included in the applicable convening notice, which is published on the Company's website as well as on CMVM's website.

The possibility of participation by telematic means was also available for all annual General Meetings held since 2018, including the 2020 Annual General Meeting, the latter being exclusively held by telematic means, due to legal and public health restrictions imposed by COVID-19.

The holding of an Annual Meeting exclusively using telematic means reinforces Galp's repeated practice of allowing shareholders to participate in General Meetings at a distance, as well as to exercise voting rights also at a distance, through electronic mail, mechanisms that were already available to shareholders in previous years but were not usually used.

Galp intends to continue to encourage shareholder participation in General Meetings, which, in the particular case of shareholders resident or headquartered outside Portugal, is particularly facilitated by the possibility of voting and participating at a distance.

13. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders in a relationship with that shareholder, as established in Article 20(1) of the Portuguese Securities Code.

Not applicable. The By-laws make no provision for any limitation on the voting rights that may be exercised by a single shareholder or shareholders in any of the relationships set forth in Article 20(1) of the Portuguese Securities Code.

14. Details of any shareholders' resolutions which, in accordance with the By-laws, may only be passed by a qualified majority, in addition to those provided for by law, and the details of any such majority.

Resolutions of the General Meeting are passed by a simple majority of the votes cast unless a qualified majority is required by law or under the By-laws. Abstentions are not counted as votes cast.

In addition to those legally set out in the law, Galp's By-laws require a two thirds qualifying majority in the following cases:

a) first and second calls, for resolutions on matters relating to the management of the Company, submitted to the General Meeting by the Board of Directors;

b) second call for the following matters: (I) amendments to the By-laws, including capital increases and the restriction or suppression of any pre-emption rights of the shareholders (II) mergers, demergers, transformation or winding-up of the Company.

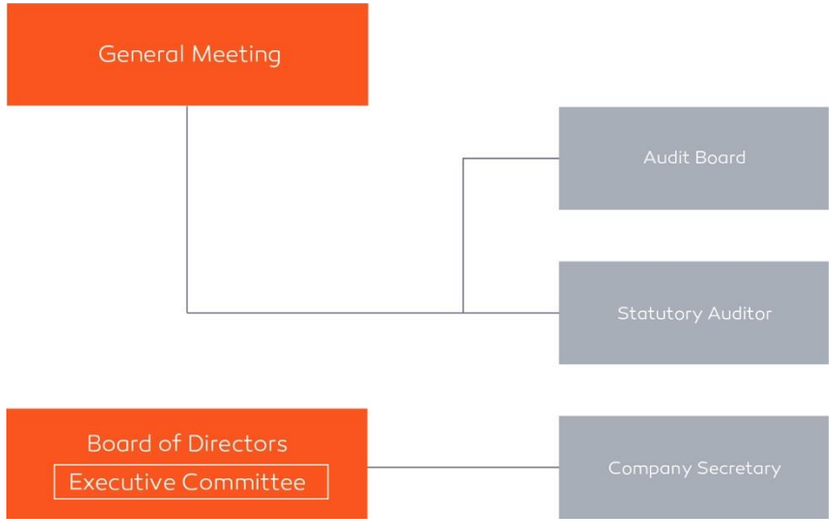
Although these provisions of the Bylaws establish a deliberative quorum which may, in certain situations, be higher than that provided for by law, they are not intended to hinder shareholder resolutions, nor are they intended to be an anti-OPA shareholder defense mechanism that harms the market for control (which in Galp is not limited). The purpose is to ensure adequate representation of shareholders, particularly minority shareholders, when approving resolutions on issues of strategic importance to the Company and on fundamental matters of Galp, which characterize its essence, and to avoid the classic agency problem. This mechanism was therefore created with the primary goal of protecting the Company itself, ensuring its stability, as well as the minority shareholders, in nuclear matters for Galp. It should also be noted that, the application of a deliberative quorum of two thirds in a second convening is only required for matters which, because they are strategic and of utmost importance to the Company, the law itself requires for deliberations on the same matter in the first convening.

II. Management and supervision

(Board of Directors, Executive Board and General and Supervisory Board)

a) Composition

15. Details of the adopted corporate governance model



Galp's corporate governance model comprises:

(i) a management structure composed of a Board of Directors and an Executive Committee;

(ii) a strengthened supervisory framework, which includes the Audit Board and the Statutory Auditor;

(iii) a Company Secretary charged with providing specialist support to the Company Bodies.

Galp has the mandatory Company Bodies for companies with securities listed and which have adopted the single-tier model provided for in Articles 278(1)(a), 413(1)(b) and (2)(a) and 446(A)(1) of the Companies Code ("CSC").

Galp's governance model is designed to ensure transparency and the effectiveness of the Group by means of a separation of powers between the different Company Bodies. While the Board of Directors is responsible for defining, overseeing, establishing and supervising the strategic guidelines, as well as for management supervision and the relations between shareholders and other Company Bodies, the duties of theExecutive Committee, as delegated by the Board of Directors, are operational in nature and involve the day-to-day management of the business and corporate services.

The existence of matters which are the exclusive remit of the Board of Directors (i.e. not suitable for delegation to the Executive Committee) ensures that the Board of Directors establishes and monitors Galp's strategic guidelines.

The Board of Directors' Regulation establishes that its members, strictly for the performance of their duties and in compliance with the applicable legal limits, have access to any necessary information, particularly through access to documents or through information or clarification provided by the Company's employees, in order to assess the Company's performance, status and prospects for development, including the minutes, the auxiliary documents for decisions made, the convening notices and the files of Executive Committee meetings.

The Chairman of the Board of Directors has, among other responsibilities set down in the applicable provisions of the law, regulations and the By-laws, the authority to coordinate and supervise relations between the Company and its shareholders, taking into account the Company's objectives, the long-term interests of its shareholders, and the sustainable development of Galp's business.

Under the legal provisions applicable to the relationship between the non-executive members of the Board of Directors and the Executive Committee, including the monitoring of the Executive Committee's activity by members (in accordance with Article 407(8) of the CSC), the Chairman of the Board of Directors is entitled to attend the meetings of the Executive Committee.

With a view to strengthening Galp's governance, particularly in terms of monitoring, evaluating and supervising the Company's activity by non-executive members, the Board of Directors, at its meeting of 17 September 2020, decided to delegate to the non-executive director Mr. Jorge Seabra de Freitas the special task of monitoring the Executive Committee's activity, as provided for in article 6(1) of the Board of Directors' Regulations.

The Audit Board is responsible for exercising the oversight functions of the Company's business in five key areas:

(i) supervision of the Company's activity;

(ii) control of the Company's financial information;

(iii) oversight of the internal risk management, internal control and internal auditing systems;

(iv) receipt (and processing) of reports of irregularities; and

(v) protection of the External Auditor's independence.

The Statutory Auditor is responsible for controlling the Company's financial information.

16. By-law rules relating to the procedural requirements for the appointment and replacement of members of the Board of Directors, the Executive Committee and the General and Supervisory Board, where applicable (Article 245-A(1)(h)).

Election

The members of the Board of Directors, including the Chairman, are appointed by the shareholders at the General Meeting, for a term of four calendar years, with the year of appointment counting as a full year, and may be re-elected one or more times.

Members of the Board of Directors take office at the time of appointment and remain in office until the nomination, co- option or appointment of a substitute, except when a member has resigned or has been removed, in which case the member in question remains in office for the periods stipulated in the CSC.

Members of the Board of Directors are elected from a list containing the names of the proposing shareholders. The vote applies only to the list as a whole and not to each of its members individually, as provided for by law and the By-laws.

Galp's By-laws include a mechanism to entitle shareholders who do not support the winning list and who hold a minimum percentage of the voting rights, individually or together with others, to propose the nomination of one director.

Every year, shareholders also decide on whether directors should remain in office by making a positive appraisal of their performance through a vote of praise and/or confidence. A negative annual appraisal, by way of a no-confidence vote,may lead to the dismissal of the director in question, in accordance with the terms of the law.

In view of the Portuguese legal framework, which attributes exclusively to the shareholders the power to elect the members of the Board of Directors and limits the power of the Board of Directors in matters of shareholder competence, Galp has no appointment committee within the structure of the Board of Directors.

In fact, such a committee could not replace the powers of the shareholders under Article 391 of the CSC.

The Company has promoted processes in order to identify and select specific profiles for different management positions using reputable international companies specialised in the selection of executives.

Substitution

In the event of the permanent absence or impediment of any member of the Board of Directors, the latter mustco-opt a replacement member and submit this replacement for endorsement at the next General Meeting. To this end, the By-laws state that a director is deemed permanently absent if he or she misses three consecutive or five non-consecutive meetings.

17. Composition of the Board of Directors, the Executive Committee and the General and Supervisory Board, as applicable, with details of the minimum and maximum statutory number of members, the duration of the term of office, the number of sitting members, the date they were first appointed and the end date of each member's term of office.

Under the By-laws, the Board of Directors has a minimum of 19 and a maximum of 23 directors.

The 19 current members of the Board of Directors elected for the four-year term 2019–2022, and who performed duties during the fiscal year 2020, are listed in the following table and the information is always updated on Galp's website (https://www.galp.com/corp/en/corporate-governance/governing-model-and-bodies/board-of-directors).

Name	Position	Date of first appointment	Term end date	Age
Chairman				
Paula Amorim	Non-executive Director[1]	24 April 2012	31 December 2022	50
Vice-Chairmen				
Miguel Athayde Marques	Lead Independent Director[2]	23 November 2012	31 December 2022	65
Carlos Gomes da Silva*	Chairman of the Executive Committee	26 April 2007	5 February 2021	54
Directors				
Filipe Crisóstomo Silva	Executive director	26 July 2012	31 December 2022	56
Thore E. Kristiansen	Executive director	3 October 2014	31 December 2022	59
Carlos Costa Pina	Executive director	24 April 2012	31 December 2022	50
José Carlos Silva	Executive director	23 November 2012	31 December 2022	58
Sofia Tenreiro	Executive director	12 April 2019	31 December 2022	45
Susana Quintana-Plaza	Executive director	12 April 2019	31 December 2022	47
Marta Amorim	Non-executive Director	14 October 2016	31 December 2022	48
Francisco Teixeira Rêgo	Non-executive Director	16 April 2015	31 December 2022	48
Carlos Pinto	Non-executive Director	12 April 2019	31 December 2022	42
Luís Todo Bom	Independent non-executive director[3]	23 November 2012	31 December 2022	72
Jorge Seabra de Freitas	Non-executive Director[4]	23 November 2012	31 December 2022	61
Diogo Tavares	Non-executive Director[5]	22 February 2006	31 December 2022	75
Rui Paulo Gonçalves	Non-executive director[6]	6 March 2008	31 December 2022	53
Edmar de Almeida	Independent non-executive director	12 April 2019	31 December 2022	52
Cristina Fonseca	Independent non-executive director[5]	12 April 2019	31 December 2022	33
Adolfo Mesquita Nunes	Independent non-executive director[7]	12 April 2019	31 December 2022	43

* Terminated his office by resignation, effective on 5 February 2021, having been replaced by Andy Brown on that date, by co-optation.

[1] Chairman of the Audit Committee
[2] Chairman of the Sustainability Committee and member of the Risk Management Committee
[3] Chairman of the Risk Management Committee and member of the Audit Committee
[4] Member of the Audit Committee
[5] Member of the Sustainability Committee
[6] Member of the Risk Management Committee
[7] Chairman of the Ethics and Conduct Committee

18. Distinction to be drawn between executive and Non-executive directors and, as regards Non-executive members, the details of members that may be considered independent or, where applicable, the details of the independent members of the General and Supervisory Board.

18.1. The independence of the members of the General and Supervisory Board and the members of the Audit Board is determined in accordance with the applicable law. The other members of the Board of Directors are considered independent if they are not associated with any specific interest group within the company and there is nothing that could affect their impartiality in terms of analysis and decision-making, namely because:

a) s/he has been an employee of the Company or a company with which it has been in a controlling or group relationship in the past three years;

b) in the past three years, s/he has provided services to or established a significant business relationship with the Company or with a company with which it is in a controlling or a group relationship, either directly or as a partner, board member, manager or director of a legal person;

c) s/he is receiving remuneration paid by the Company or by a company with which it is in a controlling or group relationship, in addition to the remuneration received as a member of the Board of Directors;

d) s/he is cohabiting or is married to, related to or next of kin to, up to and including direct third- degree relatives, a member of the Board of Directors or of someone who, directly or indirectly, holds individual qualifying holdings; and

e) s/he is a qualifying shareholder or representative of a qualifying shareholder.

On 31 December 2020, 12 of the 19 members of the Board of Directors are non-executive directors (who are still in office on this date), which is equivalent to more than half (63%) of the total number of directors, which is an appropriatenumber, particularly given Galp's shareholder structure, capital dispersion, the size of the Company and the complexity of the risks involved in the Company's business activity.

The non-executive members supervise and continually assess the management of the Company, ensuring its capacity for monitoring, supervising, overseeing and appraising the activities of the executive members.

Board of Directors

Non-executive Directors


Paula Amorim


Miguel Athayde Marques


Marta Amorim


Francisco Teixeira Rêgo


Carlos Pinto


Luís Todo Bom


Jorge Seabra de Freitas


Diogo Tavares


Rui Paulo Gonçalves


Edmar de Almeida


Cristina Fonseca


Adolfo Mesquita Nunes

Executive Directors


Andy Brown


Filipe Silva


Thore Kristiansen


Sofia Tenreiro


José Carlos Silva


Susana Quintana-Plaza


Carlos Costa Pina

Note: The executive director Carlos Gomes da Silva resigned on 5 February 2021 and was replaced by Andy Brown on the same date by co-optation.

Given the criteria for determining the independence of the non- executive members of the Board of Directors, foreseen in the CSC and the Corporate Governance Code of the Portuguese Institute of Corporate Governance ("PICG Corporate Governance Code"), the Board of Directors includes the following five independent directors, based on its self-assessment for the 2020 financial year performed at the meeting held on 19 February 2021:

Independent non-executive directors

Miguel Athayde Marques (Lead Independent Director)
Luís Todo Bom
Edmar de Almeida
Cristina Fonseca
Adolfo Mesquita Nunes

In view of the Company's governance model, its shareholder structure, and its free float, Galp believes that the proportion of independent directors of the non-executive members of the Board of Directors (i.e. 42%) is suitable and is higher than the percentage recommended in the PICG Corporate Governance Code (1/3).

At the Board of Directors' meetings, and as provided for in its Regulations, the non-executive members promote and participate in establishing the Company's strategy, its major policies, its corporate structure and decisions that are deemed strategic due to their magnitude or risk, as well as in assessing whether these are followed.

At the Board of Directors' meeting of 12 April 2019, the directors decided to assign two non-executive directors – Carlos Pinto and Edmar de Almeida – the special responsibility of monitoring the evolution of the markets in Angola and Brazil, respectively, to ensure a detailed strategic analysis of these two key markets for the Company.

On the same date, the independent non-executive directors appointed Miguel Athayde Marques as coordinator (Lead Independent Director), for the purpose, among other things, of: (I) acting, whenever necessary, as an intermediary between the Chairman of the Board of Directors and the remaining members; and (II) ensuring that they have all the necessary means and conditions for the performance of their duties.

19. Professional qualifications and other relevant information about each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable.

As described in the chart below, the members of the Board of Directors have a range of skills, professional experience and academic backgrounds which are appropriate for the activities carried out by Galp and for the strategy established for the coming years.

This shows the diversity within the Board of Directors, which is in line with the Diversity Policy for the Board of Directors and Audit Board approved by the Board of Directors on 15 December 2017, and which has an impact on the appointments made at the elective General Meeting of 12 April 2019 available on Galp's website: https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Diversity_policy_for_the_board_of_directors_and_audit_board_-_Versao_publicada_-_EN.pdf

The Diversity Policy for the Board of Directors and Audit Board is committed to endeavoring, in accordance with the powers of each body,

to foster diversity on the Board of Directors and Audit Board, particularly with regard to the following criteria: age, gender, geographical origin, educational training and professional experience.

Galp recognises the benefits of diversity on its Board of Directors and Audit Board in order to ensure a more balanced composition, improve the performance of its members, enhance the quality of decision-making and control processes, avoid the group-thinking effect and contribute to the sustainable development of the Company, while requiring that each member has the individual characteristics necessary for holding the position in question.

Apart from the diversity of skills, the variety of academic backgrounds and professional experience, the Board of Directors is suitably diverse in terms of the origin, age and gender of its members. The 2019 General Meeting elected members from countries in which Galp operates – Portugal, Brazil and Angola - and the number of women rose from 16% to 26%. The Board members range in age from 33 to 75.

In order to ensure adequate knowledge and monitoring by the non-executive members of the activities carried on by the business units, has been implemented since 2018 an annual knowledge development plan and the members of the Board of Directors participated in four training initiatives about sustainability and Galp's business dealings during 2020.

The biography of each member of the Board of Directors who held office during the financial year of 2020, as well as the current CEO, and their positions in other companies has been included in the Appendix to this report, and in the figure below the matrix of competences of the members of the Board of Directors.

Skills matrix of the members of the Board of Directors

		Education					Main area of expertise									Operational experience										Other
		Engineering	Economics / Finance	Business Administration and Management (including Risk Management)	Law	Academy	Energy	Financial Services	Paper & Textile	Real Estate / Hospitality	Capital Market	Public Offices	IT / Telecommunications	Climate Changes	Retail	Chairman	CEO	CFO	International	Finance	Investor Relations	Marketing	Procurement /Asset Management	Legal	ONG
Paula Amorim (Chairman)	NE			●			●		●	●					●	●	●		●		●				
Miguel Athayde Marques (Vice-Chairman and Lead Independent Director)	NE		●	●		●	●	●			●				●	●	●		●	●	●	●			●
Carlos Gomes da Silva (CEO and Vice-Chairman until 5 Feb 2021)	E	●		●			●				●				●	●	●		●	●	●	●			●
Andy Brown (CEO and Vice-Chairman post 5 Feb 2021)	E	●		●			●							●					●				●		
Filipe Crisóstomo Silva	E		●	●			●	●			●						●	●	●	●	●				●
Thore E. Kristiansen	E	●		●			●										●		●	●	●	●	●		●
Carlos Costa Pina	E		●		●	●	●	●			●	●	●	●		●			●	●	●			●	●
José Carlos Silva	E	●					●			●						●			●				●		●
Sofia Tenreiro	E			●			●						●		●		●		●			●			
Susana Quintana-Plaza	E	●		●			●						●	●	●				●						
Marta Amorim	NE		●	●				●	●	●						●			●	●			●		
Francisco Teixeira Rêgo	NE	●		●			●		●	●							●		●		●		●		
Carlos Pinto	NE				●	●	●							●				●						●	
Luís Todo Bom	NE	●		●		●		●	●	●		●	●			●	●		●						●
Jorge Seabra de Freitas	NE		●	●					●								●		●	●	●				
Rui Paulo Gonçalves	NE			●	●	●	●																	●	
Diogo Tavares	NE	●		●			●	●	●			●			●				●	●					
Edmar de Almeida	NE		●	●		●	●							●					●						
Cristina Fonseca	NE	●											●						●						
Adolfo Mesquita Nunes					●	●			●			●												●	

NE - Non-executive **E** - Executive

20. Customary and meaningful family, professional and business relationships of the members of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable, with shareholders that have a qualifying holding of more than 2% of the voting rights.

The relationship of the members of the Board ofDirectors with shareholders which have a qualifying holding of more than 2% of the voting rights, are as follows:

Shareholder with qualifying holding	Relationship	
Paula Amorim	Amorim Energia	Director
Marta Amorim	Amorim Energia	Director
Francisco Teixeira Rêgo	Amorim Energia	Director
Jorge Seabra de Freitas	Amorim Energia	Director
Rui Paulo Gonçalves	Amorim Energia	Director

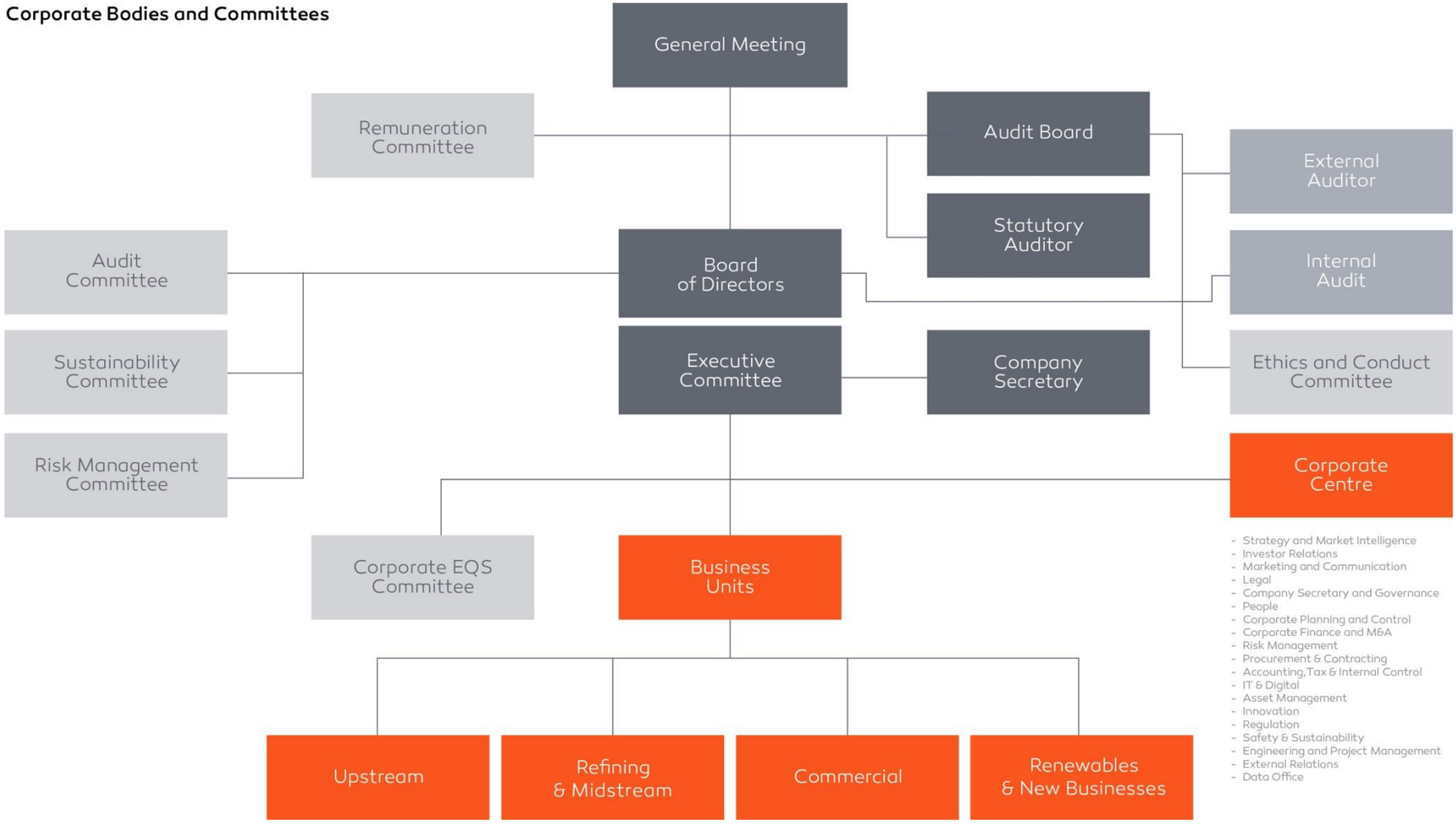
21. Organisational charts or flowcharts showing the allocation of powers between the Company's various company bodies and committees and/or departments, including information on delegated powers, particularly in relation to the day-to-day management of the Company.

Galp's current organisational structure is based on four business units and a corporate centre which is coordinated by each of the executive directors, as described in Section 29of this report.

The corporate centre provides various services for the business units and the Group companies, including IT, planning and control, accounting, legal advice and human resources.

The Company's organisational model also provides forthe existence of a number of committees, which are described in Sections 27 and 29 of this report.

Corporate Bodies and Committees



b) Functioning

22. Where to find the operating regulations of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable

The Board of Directors operates in accordance with the regulations governing its organisation and operation, approved by the Board at its meeting of 12 April 2019 and applicable for the 2019-2022 term, pursuant to Article 16 of the By-laws, available on Galp's website at https://galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_2019_2022_CA_en.pdf

23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable.

The Board of Directors ordinarily meets in accordance with the schedule of meetings approved at the end of the previous year, and whenever a meeting is convened by the Chairman or by any two directors.

The By-laws allow for Board of Directors' meetings to be held by electronic means and postal voting is also allowed.

In 2020, the Board of Directors held eleven meetings, of which two through telematic means (videoconference) due to legal and public health restrictions imposed by COVID-19 and four through votes cast by electronic communications. Detailed minutes were drawn up of all the meetings.

The attendance levels of the members of the Board of Directors at the eleven meetings held in 2020 were as follows:

Name	Present	Represented	Absent	Attendance[1]
Paula Amorim	11	0	0	100%
Miguel Athayde Marques	11	0	0	100%
Carlos Gomes da Silva	11	0	0	100%
Filipe Crisóstomo Silva	11	0	0	100%
Thore E. Kristiansen	11	0	0	100%
Carlos Costa Pina	11	0	0	100%
José Carlos Silva	11	0	0	100%
Sofia Tenreiro	11	0	0	100%
Susana Quintana-Plaza	11	0	0	100%
Marta Amorim	11	0	0	100%
Francisco Teixeira Rêgo	11	0	0	100%
Carlos Pinto	11	0	0	100%
Luis Todo Bom	11	0	0	100%
Jorge Seabra de Freitas	11	0	0	100%
Rui Paulo Gonçalves	11	0	0	100%
Diogo Tavares	11	0	0	100%
Edmar de Almeida	11	0	0	100%
Cristina Fonseca	11	0	0	100%
Adolfo Mesquita Nunes	9	2	0	82%

[1] Not including representation

24. Details of the company bodies charged with appraising the performance of the executive directors.

The Remuneration Committee, elected by the General Meeting in accordance with Article 8 of the By-laws, conducts an annual performance appraisal of the executive directors, for setting the respective variable pay, which includes a quantitative aspect (on the basis of whether economic, financial and operating targets, as defined annually by the Remuneration Committee), as well as a qualitative aspect (consulting the Non-executive members about the qualitative performance of the executive members of the Board of Directors).

Furthermore, the non-executive members, as part of their oversight role, monitor the performance of the executive directors.

In addition, pursuant to Article 376 of the CSC, at each General Meeting, the shareholders conduct a general appraisal of the Company's management. This appraisal is expressed through a vote of confidence or no confidence, in each of the directors and may, in case of negative appraisal, lead to the removal of the director concerned.

In addition, the Board reviews its own performance (including the executive members) and the performance of its committees on an annual basis, pursuant to Article 16 of the Board of Directors' Regulations. This review takes into account whether the Company's strategic plan and budget were followed, its risk management, its internal functioning and the contribution of each member to these objectives, as well as their relationships with the Company's other bodies and committees.

At its meeting on 19 February 2021, the Board of Directors conducted this performance evaluation, in reference to the year 2020, as in the previous year.

25. Pre-defined criteria for assessing the executive directors' performance.

The performance of the executive directors is assessed according to the fulfilment of certain economic, financial and operational objectives, including environmental sustainability and energy efficiency criteria, as set in the remuneration policy at each moment in force.

The pre-defined criteria for appraising the executive directors' performance in the 2020 financial year, under the terms approved by the Remuneration Committee and submitted to the approval of the General Meeting through the statement on the remuneration policy, are set out in Section 69 of this report.

26. Availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable, and the details of any positions held at the same time in other companies within and outside the Galp Group, as well as any other relevant activities undertaken by the members of these boards throughout the financial year.

The positions held by the members of the Board of Directors in other companies outside the Galp Group and any other relevant activities pursued by the members of this body, in the 2020 financial year, are shown in the Appendix to this report.

In general, the members of the Board of Directors show great availability for their duties, as confirmed by their attendance at the meetings of the Board of Directors and the Executive Committee, and by their work at

Galp, as verified each year by the Remuneration Committee as part of the qualitative appraisal of the directors' performance.

Compliance with these requirements is evidenced in the Appendix to this report, since the members of the Executive Committee only hold positions in the management bodies of Galp's direct or indirect subsidiaries.

They are therefore fully available for and dedicated to their positions as executive members of the Board of Directors.

With regard to the non-executive directors with the highest number of positions held in other companies outside the Galp Group, these are in compliance with the above-mentioned rule and hold these positions within the same group - the Amorim or Américo Amorim Group, does not affect their availability for their positions and for their duties of monitoring, assessing and supervising Galp's executive directors.

Limits on positions

Under the Board of Directors' Regulations:

(i) the members of the Executive Committee may not hold executive positions in listed companies that are not part of the Galp Group; and

(ii) Non-executive directors may not hold management positions in more than four listed companies outside the Galp Group.

Absences

Under the By-laws and the Board of Directors' Regulations, a director is considered definitively absent when s/he has not attended any three consecutive or five not consecutive meetings and the justification for these absences has not been accepted by the Board of Directors.

If any member of the Executive Committee fails to attend more than 20% of the Executive Committee's meetings, the CEO will inform the Board of Directors, conveying to the latter the reasons given for such absences.

The Board of Directors may then replace the Executive Committee member with another director, causing the former to become a non-executive director.

Conflicts of interest

Galp complies with the mechanisms provided for by law, by the By-laws and by regulations for preventing and dealing with any conflicts of interest between the directors and the Company due to their holding other positions outside the Galp Group.

Under Article 398 of the CSC, directors may not:

- engage in any activity in competition with the Company or with a company in a controlling or group relationship with it, on its own behalf or on behalf of a third party, or perform duties in a competing company, or be appointed to it, unless authorised by the General Meeting;

- hold any position under an employment contract (the latter will be deemed to have been terminated if entered into less than one year before becoming a director or suspended if entered into more than one year earlier).

In accordance with the Board of Directors' Regulations, the members shall promptly inform the Board, specifically the chairman, of any facts that may constitute or give rise to a conflict between their own interests and the Company's interests.

In addition, the Company has approved an internal regulation which is available on Galp's website at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamentos/NT-R-023%20-%20Management%20of%20Conflicts%20of%20Interest.pdf which is applicable, among others, to the members of the Board of Directors and which establishes that members who have been identified as having a conflict of interest must refrain from discussing, voting, making decisions, giving opinions on, taking part in or exerting any influence on any decision- making processes directly related to the conflict of interest, without prejudice to providing any necessary information or clarification.

In addition, the Board of Directors' Regulations has also (i) established special mechanisms for access to sensitive information applicable to members of the Board of Directors that are in a conflict of interest due to carrying on an activity in competition with Galp authorised by the General Meeting and (ii) provides that its members shall immediately inform its chairman of any facts that may constitute or give rise to a conflict between its interests and the social interest.

Moreover, in order to protect the Galp Group's interests in possible conflicts of interest between the Company and its directors arising from any dealings between them and the

Company or companies in a controlling or group relationship with it, the regulatory standard, approved by the Board of Directors with prior opinion of the Supervisory Board, which governs the procedures to which are subject the Group's related-party transactions, as described in Sections 89 and 91 of this report.

In 2020, no authorisations were granted under applicable law to members of the Board of Directors to carry on business with the company or companies controlled or in a group relationship with the company.

c) Committees within the Board of Directors or Supervisory Board and Chief Executive Officers

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable, and where to find their operating regulations.

Executive Committee

At the Board of Directors' meeting on 12 April 2019, the Board appointed the Executive Committee, which consists of the seven directors identified in Section 28 below, and approved the delegation of powers and the regulations which establish the principles and rules for the organisation and operation of the Board, which are available on Galp's website at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_CE_2019_2022_EN_.pdf

Later, the CEO resigned with effect from 5 February 2021 and was replaced by Andy Brown on the same date by co-optation. The new composition of the Executive Committee is available on Galp's website at https://www.galp.com/corp/en/corporate-governance/governing-model-and-bodies/executive-committee

Sustainability Committee

On 12 April 2019, the Board of Directors established a Sustainability Committee composed by three non-executive directors, with the aim of ensuring the incorporation of sustainability principles into the management of the Group and fostering good industry practices in business and corporate areas.

At present, the Committee is chaired by the Vice-Chairman and Lead Independent Director of the Board of Directors, Miguel Athayde Marques (Chairman). It also has two non- executive members of the Board of Directors, Cristina Fonseca (independent) and Diogo Tavares.

The Committee's Regulations are available at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Sustentabilidade_E1.pdf

Audit Committee

The Audit Committee was set up in 2019 by the Board of Directors with the aim of assisting the Board in overseeing and monitoring internal auditing activities within the Group.

It comprises three non-executive directors, one of whom is the Chairman of the Board of Directors, Paula Amorim, as Chairman, together with Luís Todo Bom (independent) and Jorge Seabra de Freitas.

The Committee's internal regulations are available at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento_Comissao_Auditoria_052019_EN.pdf

Risk Management Committee

The mission of the Risk Management Committee, set up by the Board of Directors on 12 April 2019, is to support and monitor the development and implementation of Galp's risk management strategy and policy and to provide assistance to the Board of Directors in this respect.

It comprises three non-executive members of the Board of Directors of Galp. Currently is chaired by an independent director, Luís Todo Bom. The other two positions are occupied by Miguel Athayde Marques (Lead Independent Director) and Rui Paulo Gonçalves.

The regulations of the Risk Management Committee are available at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Gestao%20de%20Risco_E1.pdf

Other committees

The Company has also set up specialised committees to address the remuneration and performance appraisal of the company bodies, EQS and ethics, and conduct.

Given the Company's governance model and Portuguese company law, the Audit Board is the internal body responsible for assessing corporate governance matters. Therefore, this body exercises the powers and functions of assessing and monitoring the operation of the corporate governance system and its compliance with the legal rules, regulations and bylaws, including the assessment of the Board of Directors and its

committees during the year, as well as the relationship between the Company's bodies and committees, as provided for in Article 9 (2)(j) of the Regulations of the Audit Board, and the monitoring of legislative and regulatory developments in the area of corporate governance, namely through the quarterly participation of the head of Legal Affairs and Governance in the meetings of the Audit Board. Given that the material exercise of these powers belongs to the Audit Board, for reasons of material identity of functions and organizational efficiency, Galp does not have a corporate governance committee. All the powers normally exercised by this committee are those of the Audit Board. It is considered that the exercise of these functions by the Supervisory Board provides a greater guarantee of effective independence from the Board of Directors, as compared to a corporate governance committee set up within the Board of Directors, even if composed of independent members.

Under Portuguese law, the appointment of directors is a responsibility attributed exclusively to the shareholders. In order to avoid any conflicts of interest or agency issues, the Board of Directors has not appointed any committee to deal with matters related to the appointment of its own members or members of other company bodies (such as the Audit Board members), without prejudice to the adoption of a diversity policy applicable to the members of the management and supervisory bodies which also includes criteria for the personal profile of the members to be proposed.

Remuneration Committee

The Remuneration Committee comprises three shareholders elected by the General Meeting and is responsible for setting the amount of remuneration owed to the members of Galp's company bodies and for conducting the annual performance appraisal of the executive members of Galp's Board of Directors. The Committee's Regulations are available at https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Regulamento%20Comissao%20de%20Remuneracoes_EN_2019.PDF

Ethics and Conduct Committee

The Ethics and Conduct Committee is appointed by the Audit Board. It comprises three members of proven expertise in ethics and compliance, auditing and human resources. The Chairman is proposed by the Chairman of the Board of Directors, one member is the person in charge of internal auditing and the other is proposed by the Executive Committee.

The current members of this Committee are Adolfo Mesquita Nunes (Chairman), independent non-executive director, Laura Santos, Head of Internal Audit, and Teresa Abecasis, responsible for People Management.

The Committee's Regulations are available at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/Comiss%C3%B5es/comiss%C3%A3o%20de%20%C3%A9tica%20e%20conduta/Regulations-Ethics%20Conduct%20Committee.pdf

Corporate Environment, Quality and Safety (EQS) Committee

The mission of the Corporate EQS Committee is to assist the Executive Committee to foster a culture of EQS and the applicable EQS standards by ensuring the application of the relevant policies and objectives.

The Corporate EQS Committee is chaired by the member of the Executive Committee responsible for the Safety and Sustainability Department – Carlos Costa Pina. Its members include the heads of the business units and the relevant corporate departments.

The Committee's Regulations are available at https://www.galp.com/corp/Portals/0/Recursos/governance%202020/NT-O-008%20-%20Safety%20and%20Sustainability%20Governance%20Model%20(Rev%2002).pdf

28. Composition of the Executive Committee and/or details of the CEO, where applicable.

Galp's Executive Committee comprised, during the year of 2020, by the following seven directors:

Chairman
Carlos Gomes da Silva (CEO)
Members
Filipe Crisóstomo Silva (CFO)
Thore E. Kristiansen (COO)
Carlos Costa Pina (COO)
José Carlos Silva (COO)
Sofia Tenreiro (COO)
Susana Quintana-Plaza (COO)

Note: The CEO resigned with effect from 5 February 2021 and was replaced by Andy Brown on the same date by co-optation.

29. Description of the powers of each of the committees and a summary of the activities carried on in the exercise of these powers.

Executive Committee

Powers

The Executive Committee is the company body responsible for the day-to-day management of Galp in line with the strategic guidelines defined by the Board of Directors and under the powers delegated to it by the Board, pursuant to Articles 17 and 18 of the By-laws and Article 407(3) and (4) of the CSC.

The delegation of powers to the Executive Committee, approved by the Board of Directors at the meeting held on 12 April 2019, does not include the power to pass resolutions on the following matters:

a) approval of the strategic investments of the Company and of the companies directly or indirectly controlled by the Company, and approval of the relevant funding;

b) approval of the strategic divestments of the Company and of the companies directly or indirectly controlled by the Company;

c) holdings, particularly through the direct or indirect acquisition of stakes in companies, that are not engaged in the core operational activities carried on by the companies directly or indirectly controlled by the Company (i.e. oil and gas exploration, production, refining, transportation, marketing and distribution);

d) establishment of strategic partnerships within the context of the core operating activities carried on by the companies controlled by the Company;

e) approval and modification of the strategic plans of the Company and of the companies controlled by the Company which carry on the core activities of the Galp Group;

f) approval of the Galp Group's annual budget and business plans and of any changes exceeding 20% of the value of the relevant budget item or 10% of the total annual budget;

g) conducting transactions of the Company or of the companies controlled by the Company with related parties or with any of the Company's shareholders which, individually or in conjunction, amount to over €20 million;

h) selection of the Chief Executive Officer;

i) co-opting directors;

j) requests to convene a General Meeting of the Company;

k) approval of the annual management report and accounts;

l) provision of performance bonds and personal or real guarantees by the Company;

m) approval of the risk management policy and of the internal control system;

n) change of address of the registered office and share capital increases;

o) approval of merger plans, de-merger plans and plans involving the transformation of the Company;

p) approval of demerger plans, mergers plans and winding-up plans for any companies controlled by the Company,

q) defining and organising the corporate structure of the Galp Group;

r) making proposals and exercising voting rights in the election of the boards of directors of companies controlled by the Company;

s) issuing of bonds or other debt instruments, by the Company or by companies controlled by the Company;

t) signing of peer agreements or subordinated group agreements by any company controlled by the Company.

Without prejudice to the above-mentioned limits on the delegation of powers, the Executive Committee has a special duty to take the incentive and make proposals to the Board of Directors in respect of the acts and matters referred to above.

Specific areas of operation

At the meeting of the Board of Directors held on 12 April 2019, the Chairman of the Executive Committee assigned to the Executive Committee members their functions regarding the business dealings and activities of the Company and the Group companies, under the terms set out in its Regulations, as stated below.

Subsequently, due to the alteration of the composition of the Executive Committee, it was deemed necessary to carry out a new allocation of functions regarding the business dealings and activities of the Company and the Group companies, which is available on Galp's website at https://www.galp.com/corp/en/corporate-governance/governing-model-and-bodies/executive-committee.

For the day-to-day management issues relating to the requests of the operators of the various oil exploration and production blocks in which Galp is involved, including the development plans for the blocks and the approved budget and action plans, the Executive Committee has delegated the approval of the relevant decisions - namely authorisation for expenditure, cash calls, and written ballots - to executive directors Thore E. Kristiansen, Filipe Crisóstomo Silva and José Carlos Silva.

Executive Committee functional allocation

	Carlos Gomes da Silva, CEO until Feb 5, 2021	Andy Brown CEO post Feb 5, 2021	Filipe Silva CFO	Thore E.Kristiansen COO	José Carlos Silva COO	Sofia Tenreiro COO	Susana Quintana-Plaza COO	Carlos Costa Pina COO
Business Units				Upstream	Refining and Midstream	Commercial	Renewables & New Businesses	
Corporate Centre	Strategy and Market Intelligence	Strategy and Market Intelligence	Corporate Finance and M&A		Procurement and Contracting		Innovation	Risk Management
	People Investor Relations	People Investor Relations	Accounting, Tax and Internal Control		Engineering and Project Management			Safety and Sustainability
	Legal & Governance	Legal Company Secretary & Governance	Corporate Planning and Control		Asset Management			Regulation*
	Marketing and Communication	Marketing and Communication	IT & Digital Data Office					External Relations*

* new corporate areas created on February 12, 2021

Oversight and monitoring

A range of mechanisms have been adopted to ensure efficient and effective monitoring and control of the Executive Committee's activities by the non-executive members and to facilitate the exercise of the right to information.

In fact, in accordance with the Board of Directors' Regulations, the Chairman of the Executive Committee regularly informs the Chairman of the Board of Directors about the agenda of the Executive Committee meetings, the resolutions passed at its meetings and any other matters deemed relevant for the proper use of the powers and responsibilities of the Board of Directors.

The Chairman of the Board of Directors and any two other non-executive directors may ask the Chairman of the Executive Committee directly for information about the business of the Executive Committee.

The convening notices and the minutes of the meetings of the Executive Committee are sent by the Company's Secretary to the Chairman of the Board of Directors, to the member of the Board of Directors specially authorised to attend the Executive Committee's meetings, when applicable, and to the Chairman of the Audit Board.

Meetings

In accordance with its Regulations, the Executive Committee must meet once a week. In 2020, it met 48 times. Detailed minutes were drawn up of all the meetings. The attendance at the meetings in 2020 was 99.7%.

The main activities carried on by the Executive Committee in 2020 within the scope of its responsibilities included, among others:

a) approval of the operations to be carried out by the Galp Group's business units and companies;

b) assessment of monthly results;

c) approval of proposals for submission to the Board of Directors on matters pertaining to its exclusive powers;

d) approval of significant transactions;

e) assessment of information from the specialist committees, particularly in the areas of risk management, sustainability and EQS;

f) approval of capital increases and reductions in Galp Group companies and the payment and repayment of additional capital contributions and shareholders' loans;

g) amendments to the By-laws of Galp Group companies;

h) purchase and sale of real estate;

i) approval of comfort letters for Galp Group companies;

j) stipulating the voting behaviour and appointing representatives for the General Meetings of subsidiaries and other companies.

Sustainability Committee

The main responsibilities of the Sustainability Committee are:

a) to propose to the Board of Directors sustainability commitments, objectives and targets that are in line with good industry practices,

identifying the resources necessary for their implementation and monitoring their fulfilment;

b) to analyse Galp's sustainability context, in particular, energy transition, social responsibility, human rights, safety and environment, as a basis for the strategy for and development of operations in the different areas around the world;

c) to monitor and report to the Board of Directors the performance indicators for the economic, social and environmental aspects, including those related to energy transition and social responsibility, in line with the established policies, commitments, objectives and targets;

d) to monitor the alignment of Galp's strategic plan for implementing sustainability commitments and generating sustainable value;

e) to issue appropriate the opinions and recommendations.

In 2020, the Sustainability Committee met four times and detailed minutes of these meetings were drawn up regarding the following matters:

a) Analysis of the regulatory context and main trends related to Green Deal, Sustainable Financing, European Emissions Trading, Engagement with clients for carbon neutrality, among others;

b) the analysis of Galp's sustainability context, especially that of energy transition, in order to help incorporate its risks and opportunities into the Company's management process;

c) context and organisational response level analysis on the disclosure of information regarding energy transition, focusing on the management of risks/opportunities, while establishing metrics and the relevant report;

d) Analysis and discussion about Galp's climate ambitions and certification of the company's new carbon metric;

e) Analysis of Galp's performance in terms of sustainability, focusing on the results obtained in the Dow Jones Sustainability Indexes in the economic, environmental and social dimensions;

f) Definition of the sustainability roadmap for 2021, aligned with best practices and benchmarking with peers and reference performers.

At the Board of Directors' meeting of 19 February 2021, the Chairman of the Sustainability Committee reported on the work done by the Committee during 2020.

Audit Committee

The activity of the Galp Audit Committee covers all the organisational units of the Galp Group and companies whose management is controlled by Galp and all the geographical areas where the Group operates. It has the following remit:

a) to monitor internal auditing activities;

b) to assess the functioning of the Galp Group internal auditing system;

c) to supervise the annual internal auditing plan and periodic reporting on the relevant activities;

d) to assess the results and conclusions of the internal auditing activities;

e) to appoint and remove the internal auditing manager;

f) to issue the opinions and recommendations it deems appropriate.

The Audit Committee held six meetings in 2020 and detailed minutes were drawn up of each one. It was informed about the internal auditing activities and the conclusions of the internal audits and monitored the recommendations conveyed to the audited areas.

At the Board of Directors' meeting of 19 February 2021, the member of the Audit Committee, Luís Todo Bom, provided information about the work done by the Committee in 2020.

Risk Management Committee

The main responsibilities of the Risk Management Committee are the following:

a) to monitor compliance with Galp's risk management policy;

b) to monitor the main Galp risks, the level of risk exposure and risk development;

c) to monitor the effectiveness of the plans for mitigating Galp's main risks;

d) to assess the functioning of the Galp Group's internal control and risk management system;

e) to issue the opinions and recommendations it deems appropriate.

This committee met six times during the year and detailed minutes were drawn up of the meetings. The most relevant topics from a Galp Group risk perspective were addressed, including:

a) Monitoring the impact of COVID19 and the measures taken in the Group;

b) assessment of the cyber security roadmap for 2020;

c) Definition and approval of strategic Hedging proposals;

d) Monitoring the evolution of the Business Continuity Plan and Disaster Recovery;

e) Evaluation of Top Risks, KRIs and treatment plans;

f) Approval of the risk management governance model;

g) Approval of the O&P 2021-2025 Risk Management Opinion and the 2021 Risk Appetite Statement;

h) Follow-up of the implementation activities of the internal control system model for financial reporting (SCIRF);

i) Monitoring the evolution of credit risk.

At the Board of Directors' meeting of 19 February 2021, the Chairman of the Risk Management Committee provided information about the work done by the Committee in 2020.

Ethics and Conduct Committee

The Ethics and Conduct Committee is the independent and impartial internal forum responsible for, as defined in its regulations:

a) overseeing the application and interpretation of the Code of Ethics and Conduct;

b) monitoring the implementation of the Code of Ethics and Conduct;

c) overseeing and clarifying queries about the application of the Code of Ethics and Conduct and, in certain unusual and justified cases, to validate exceptions to the Code;

d) receiving and processing any information sent to it under the Reporting of Irregularities Internal Standard ("Open Talk" Ethics Helpline) in place at Galp and its affiliated companies regarding alleged breaches of the Code of Ethics and Conduct or implementing regulations, or of the rules that deal with the topics listed therein, in the fields of accounting, internal accounting controls, auditing, anti-corruption, and banking and financial crime;

e) fostering employee training in ethics and conduct.

The Audit Board is the governing body responsible for overseeing the proper operation and application of the Code of Ethics and Conduct through the frequent and regular reporting of the Ethics and Conduct Committee.

In 2020, the Ethics and Conduct Committee held seven meetings, detailed minutes of the meetings have been prepared. These meetings dealt in particular with:

- Definition and approval of the operating principles of the Commission, namely the monitoring of communications received through the ethics line, analysis and decision on the forwarding of communications of irregularities received;

- Definition of the form of articulation with the Compliance area regarding the treatment of communications regarding conflicts of interest;

- Response to requests for clarification, follow-up of the training project, via e-learning, on Galp's Code of Ethics and Conduct;

- Definition of the form of communication for the organization, reinforcing i) the importance of compliance with and respect for Galp's Code of Ethics and Conduct, ii) the existence and functions of the Ethics and Conduct Committee and iii) the communication channel available for contact with the Ethics and Conduct Committee (opentalk@galp.com).

In 2020, the Ethics and Conduct Committee took part in four meetings of the Audit Board, providing a full report to this body.

In 2020, seven cases were reported to the Ethics and Conduct Committee and investigated under the Reporting of Irregularities Internal Standard, of which 4 were related to moral harassment, 1 to a work theme and 2 to practices adopted by Galp partners. Of the 7 cases under investigation, 1 required the adoption of measures by the Company in order to adapt the conduct to the standards established in the Code of Ethics and Conduct and 3 are in progress.

Each semester, the Ethics and Conduct Committee sends a report to the Audit Board on the communications received, the procedures adopted

and the proposed actions or measures, as well as an assessment of the implementation and performance of the Code of Ethics and Conduct.

Corporate EQS (Environment, Quality and Safety) Committee

The Corporate EQS Committee, under the framework of sustainability strategy, is responsible for:

a) to propose corporate EQS policies, principles and requirements;

b) to propose strategic EQS targets and objectives;

c) to assess the appropriacy of the EQS plans of the organisational units in relation to the defined strategic objectives;

d) to monitor Galp's EQS performance level;

e) to assess and decide on the proposals and actions recommended by the Workplace Health and Safety Committee;

f) to ensure periodic reviews of Galp's Integrated Management System;

g) to assess the adequacy of the resources allocated to EQS management.

In 2020, the EQS Committee held four meetings, drawing up detailed minutes of each meeting, at which it was discussed the following issues:

- Strategy and monitoring the global progress of the Integrated Management System;
- Planning the certification audits on the Integrated Management System;
- Revision by Management within the Integrated Management System;
- Audits results of the Integrated Management System and approval of the respective Correction Action Plan;
- Monitoring and analysis of performance of the EQS and sustainability strategic initiatives on the organizational units;
- Results of "EQS Factor"
- Redefinition of strategic goals for 2020-2022.

III. Monitoring

(Audit Board, Audit Committee or General and Supervisory Board)

a) Composition

30. Details of the adopted supervisory body model.

In line with the adopted governance model, the Audit Board is the company body in charge of supervising the management of the Company.

Galp's supervision, as a public company, as regards the certification of the Company's accounts, also includes a Statutory Auditor with the

functions provided for in article 446 of the CSC, and who cannot be a member of the Supervisory Board, under the terms of article 413, no. 1, paragraph b) of the CSC.

31. Composition of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, stating the minimum and maximum number of members, the term of office, the number of sitting members, the date of first appointment and the end date of each member's term of office. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 17.

The Audit Board consists of three permanent members and one alternate member elected for four-year term by the General Meeting, which also elects its Chairman, together with the members of the remaining company bodies.

The following table lists the members of the Audit Board who were elected at the General Meeting on 12 April 2019 for the 2019–2022 term. This information is available on Galp's website.

Name	Position	Date of first appointment	Term end date
José Pereira Alves	Chairman	12 April 2019	31 December 2022
Maria de Fátima Geada	Member	12 April 2019	31 December 2022
Pedro Antunes de Almeida	Member	23 November 2012	31 December 2022
Amável Calhau	Alternate	05 October 2006	31 December 2022

Given the Company's governance model and the support provided by several corporate departments to the Audit Board, in particular, the Risk Management and Internal Audit Departments, which permanently ensure the identification, management, monitoring and mitigation of the risks to which Galp is subject, and taking into account these risks, Galp considers that the number of members of its Audit Board, which is the standard number adopted by most comparable Portuguese companies, is appropriate for the size and complexity of the Company and sufficient for it to perform its duties efficiently. In addition, should any temporary circumstance determine the inadequacy of the number of members of the Audit Board for the efficient performance of their duties, the members of the Audit Board may hire the services of experts to assist them, so as to overcome the said temporary adversity.

32. Details of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, who are considered to be independent, pursuant to Article 414(5) of the CSC. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 18.

Under Article 414(5) of the CSC, a member of the Audit Board is considered independent if s/he is not associated with any specific

interest group in the Company and is not in any situation that might affect his/her unbiased analysis or decision-making owing to:

a) being the holder or acting on behalf of a holder of qualifying shareholdings greater than or equal to 2% of the Company's share capital;

b) having been re-elected for more than two terms, consecutive or otherwise.

All the current members of the Audit Board are independent under the mentioned criteria.

33. Professional qualifications of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, and any other relevant work information, reference may be made to the section of the report where this information is already included, by virtue of paragraph 21.

The members of the Audit Board have the appropriate professional skills and qualifications for their positions.

Each member's professional profile is presented in the Appendix to this report.

b) Functioning

34. Where to find the operating regulations of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 22.

The operating rules and powers of the Audit Board are defined in its Regulations, which were approved on 2 April 2019 and are available on Galp's website at https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/regulamento_fiscal_maio_2019_EN.PDF

35. Number of meetings that have been held and attendance report for each member of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 23.

Under Article 10(2) of its Regulations, the Audit Board meets at least once every quarter and whenever the Chairman convenes it, at his own initiative or at the request of the Chairman of the Board of Directors, the Chief Executive Officer or the Statutory Auditor.

In 2020, the Audit Board held fifteen meetings. The attendance of the members of the Audit Board at the meetings held in 2020 was 100%. Minutes were drawn up of all the meetings.

36. Availability of each member of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, indicating any positions held simultaneously at other companies within and outside the Galp Group and any other relevant activities carried on by the members of these bodies throughout the financial year, reference may be made to the section of the report where this information is already included, by virtue of paragraph 26.

In general, the members of the Audit Board have a high level of availability for the performance of their duties.

The Appendix to this report shows the positions held by the members of the Audit Board at other companies in 2020.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purpose of hiring additional services from the External Auditor.

In accordance with the legal framework for audit supervision, as approved by Law No. 148/2015, of 9 September, which transposed Directive 2014/56/EU of the European Parliament and of the Council, of 16 April 2014, the procurement of additional services by Galp or by any of its subsidiaries or Group companies from the External Auditor or from any entity in which the latter has a stake or which is part of the same network, requires the prior reasoned authorisation of the Audit Board, in accordance with the internal procedures approved by the Audit Board and set down in an internal standard.

This internal standard also establishes the non- audit services that cannot be provided by the External Auditor (prohibited services).

The Audit Board analyses the External Auditor and Statutory Auditor's compliance with independence requirements, the possibility of any services being provided by the External Auditor and Statutory Auditor and their compliance with the legal cap on fees, under the criteria, the selection process, the communication methodology and the inspection procedures in place to ensure the independence of the External Auditor and the Statutory Auditor.

The additional services provided by the External Auditor and Statutory Auditor in 2020 are described in Sections 46 and 47 of this report.

38. Other duties of the supervisory bodies and, where applicable, the Financial Affairs Committee.

Under the relevant legal framework, the By-laws and the Audit Board Regulations, this company body is responsible for monitoring the Company's activities and supervising the respective management, namely the processes ofpreparing and disclosing financial information. It has the power to put forward recommendations or proposals to ensure the integrity and compliance with the law and its By-laws.

In terms of specific monitoring competences and powers, the Audit Board:

(i) monitors the operation of the corporate governance system adopted by Galp and its compliance with the law and with its By-laws, as well as any legislative and regulatory developments in the area of corporate governance, particularly recommendations and regulations;

(ii) receives notices of irregularities through the Ethics and Conduct Committee;

(iii) monitors, assesses and considers, within the powers conferred on the Audit Board, the strategic lines and risk policy established by the Board of Directors;

(iv) supervises the management of the Company and, in particular, compliance with its strategic plan and budget, risk management, the internal functioning of the Board of Directors and its committees, and the relationship between the Company's bodies and their committees,

(v) issues an opinion on the work plans and resources allocated to internal control services, including compliance services and internal auditing.

As regards the Audit Board's powers to oversee the audit of the Company's accounts, it is responsible for:

(i) checking the accuracy of the accounts;

(ii) checking whether the accounting principles and valuation criteria adopted by the Company have led to a correct valuation of its assets and results;

(iii) overseeing the legal review of the individual and consolidated accounts;

(iv) issuing an opinion on the annual report, the accounts and proposals made by the management.

As regards, in particular, the corporate governance system (paragraph (i) above), the Audit Board is very active in the performance of its duties.

Specifically, during 2020, the Audit Board monitored the functioning of the corporate governance system and its compliance with legal rules, regulations and by-laws, as well as legislative and regulatory developments in the area of corporate governance, namely through quarterly meetings with the head of Legal Affairs and Governance.

At its meeting of 11 February 2020, the Audit Board assessed the functioning of the Board of Directors and its committees during 2020, and the relationship between company bodies and committees, as provided for in article 9 (2) (j) of the Regulations of the Audit Board.

Taking into account the competences of the Audit Board in relation to corporate governance matters and the way they are developed in practice by this body, with an active and independent conduct, Galp considers that the Audit Board materially fulfils the functions intended for a corporate governance committee, being careful with the good practices of monitoring corporate governance matters, with the inherent independent critical spirit and knowledge of the company, necessary for these functions.

With regard to risk management, the Audit Board is responsible for:

(i) checking the effectiveness of the risk management, internal control and internal auditing systems, including all aspects relating to the process of preparing and disclosing financial information and proposing any necessary amendments;

(ii) supervising the Company's adoption of the principles and policies for identifying the principal financial and operational risks involved in the Company's activities;

(iii) overseeing the actions aimed at monitoring, controlling and disclosing those risks in a proper and timely fashion.

In its relations with other company bodies, the Audit Board has the power to:

(i) select and propose the Statutory Auditor to the General Meeting and propose his remuneration;

(ii) verify and monitor the Auditor/Statutory Auditor's independence and verify the appropriacy and approval of any non-audit services;

(iii) hold regular meetings with the Auditor/Statutory Auditor and appraise its work each year. It is the main intermediary with the Auditor/Statutory Auditor and is the body which receives its reports;

(iv) propose the dismissal or termination of the service agreement with the Statutory Auditor to the General Meeting whenever there is just cause;

(v) monitor the internal control and audit procedures with the Executive Committee, as well as any issues that may have been raised about the Company's accounting practices, and submit any recommendations it feels are justified;

(vi) represent the Company before the Auditor and provide the access to the necessary information for the proper performance of its duties.

Under the Audit Board Regulations, it is also responsible for ensuring that suitable conditions are established within the Company for the provision of the Statutory Auditor's services.

Each year, the Audit Board prepares a report on its supervisory activities.

The members of the Audit Board have access to the information that is strictly necessary for the performance of their duties and, in compliance with the applicable legal limits, particularly through access to documents or the provision of informationor clarification from employees of the Company, for appraising the performance, status and prospects of the Company and its development – including, in particular, the minutes, the supporting documents for decisions that have been made,the convening

notices and the archives of the meetings of the Executive Committee and Board of Directors. It may also have access to any other documents or persons from whom clarification may be requested.

It can also engage experts who can assist its members in their assigned roles.

Under the Audit Board Regulations, its members shall promptly inform its Chairman of any facts that may constitute or give rise to a conflict between their own interests and the Company's interests.

In addition, on 26 October 2018, the Company approved an internal regulation which is applicable to the members of the Audit Board, among others, which establishes that any members in a conflict of interest must refrain from discussing, voting, making decisions, giving opinions, taking part in orexerting

any influence over any decision-making process directly related to the conflict of interest, except to provide any necessary information or clarification.

On 11 February 2021, as part of its duties, the Audit Board performed its annual appraisal of the internal functioning of the Board of Directors and its committees, taking into account, in particular, the success of the Company's strategic plan and its budget, its risk management, and its relationship with the Company's other bodies and committees, pursuant to Article 9(2)(j) of its Regulations, as it did the two previous years.

IV. Statutory Auditor

39. Details of the Statutory Auditor and the Partner who represents it.

The General Meeting of 12 April 2019, at the recommendation of the Audit Board, elected the following for the four-year term 2019-2022:

Ernst & Young Audit & Associados, SROC, S.A., registered with the Institute of Statutory Auditors under No. 178 and registered with the CMVM under No. 20161480, represented by Rui Abel Serra Martins, Statutory Auditor No. 1119, for the position of Statutory Auditor, and Manuel Ladeiro de Carvalho Coelho da Mota, Statutory Auditor No. 1410, for the position of Alternate Statutory Auditor.

40. Indication of the number of years that the Statutory Auditor has consecutively carried out duties with the Company.

Galp's Statutory Auditor has held the position since 12 April 2019.

41. Description of other services provided to the Company by the Statutory Auditor.

The other services provided to the Company by the Statutory Auditor are described in Sections 46 and 47 of this report.

V. External Auditor

42. Details of the External Auditor appointed under Article 8 of the Portuguese Securities Code and of the Partner who represents the External Auditor in carrying out these duties and their CMVM registration numbers.

The Galp Group's External Auditor as at 31 December 2019 was Ernst & Young Audit & Associados, SROC, S.A., registered at the CMVM under No. 20161480, represented by the firm's partner Rui Abel Serra Martins, Statutory Auditor No. 1119.

43. Number of consecutive years that the External Auditor and the Partner who represents the firm has carried out these duties at the Company and/or at the Group.

The current External Auditor and the partner who represents the firm began their work at Galp on 1 January 2019.

44. Rotation policy and intervals for the External Auditor and the Partner who represents the firm in carrying out such duties.

The External Auditor rotation policy provides for the selection of the External Auditor and the partner of the Statutory Auditing Firm in question by the Audit Board at the limit until the maximum period provided by law through a prior consultation process with the main internationally renowned auditing firms.

As established in the Audit Board Regulations, Galp's Statutory Auditor should be selected on the basis of a commercial assessment (overall price of the proposals) and a technical appraisal based on the following criteria:

a) knowledge of the Galp Group's business;

b) experience as an auditor/statutory auditor in companies listed in national and international markets;

c) methodological approach to the audit process of the accounts applicable to Galp;

d) job planning/assignment of personnel/communication with Galp (Audit Board, Accounting and Internal Audit);

e) curriculum vitae of those in charge and of the audit team assigned directly to the work (experience in the Galp Group's business dealings).

Taking into account the above-mentioned rotation policy and the legislation in force, the Audit Board appointed a new External Auditor and selected a new Statutory Auditor, after a tender process held in accordance with the statutory rules and internal procedures, who was elected at the 2019 Annual General Meeting.

45. Details of the body responsible for appraising the External Auditor and the frequency of such appraisals.

The Audit Board, which is the primary contact point of the External Auditor with the Company appraises the suitability and independence of the External Auditor each year, conducting a critical appraisal of its

reports and any other relevant documentation and information. Each year in its annual business report, the Audit Board presents its appraisal of the External Auditor.

The specific role of the Statutory Auditor in the legal audit and examination of accounts includes checking that the remuneration which has been paid to the members of the company bodies is in line with the remuneration policy and the Remuneration Committee's resolutions on such matters.

With regard to internal control mechanisms, the Statutory Auditor/External Auditor checks its operations and efficiency on an annual basis and reports any shortcomings and any suggested improvements for internal procedures both to the Audit Board and to the Executive Committee.

46. Details of non-auditing services carried out by the External Auditor for the Company and/or companies in a control relationship with it, together with a statement regarding the internal procedures for approving the engagement of such services and a statement on the reasons for the engagement.

In 2020, the External Auditor and the entities belonging to the same network provided the Company and the companies with which it has a control relationship the following non-audit services:

- limited review of the Consolidated Financial Statements as of June 2020;
- limited review of the accounts of a Galp Group company required under a concession contract;
- Comfort letter issuance related with the update of the EUR 5,000,000,000 Euro Medium Term Note Programme by Galp Energia, SGPS, S.A.;
- Limited review of the Consolidated Financial Statements as of September 2020;
- checking the physical quantities, underground occupancy rates and accounts of the Group's natural gas companies for regulatory purposes;
- checking the replacement cost calculation;
- checking financial ratios;
- Galp Energia España, S.A.U's reports, for regulatory purposes;
- Verification of the conformity of the financial information reported in the so-called "Country by Country Report" with the audited financial statements;
- Verification of the "Net working capital adjustment" accounts of Primagas Energía, S.A.U. under the sales contract.

In addition to the non-audit services mentioned above, the External Auditor/Statutory Auditor provided the following services in 2020, as required by law:

- validating the natural gas acquisition costs for Galp Gás Natural, S.A., and other costs, as required by the Energy Services Regulatory Authority;

- validating Galp Gás Natural, S.A. clearing criteria and natural gas sales prices for wholesale suppliers of last resort;
- validating Galp Energia España, S.A.U's "annual statement package", as required by Ecoembalafes España, S.A.;
- validating Galp Energia España, S.A.U's annual statement of stocks, purchases and sales of petroleum products and LPG, as required by the "Corporación de Reservas Estratéticas de Productos Petrolíferos";
- validating Galp Energia España, S.A.U's "annual statement of purchases, sales and production of biofuels, and other renewable fuels for transportation purposes", as required by the "Corporación de Reservas Estratéticas de Productos Petrolíferos".

When engaging services from the External Auditor and Statutory Auditor, sufficient internal procedures are followed to safeguard the independence of the External Auditor and

Statutory Auditor stablished in internal standard, which defines, in accordance with the applicable law, the non-audit services that cannot be provided by the Auditor/Statutory Auditor.

The service proposals submitted by the External Auditor and Statutory Auditor are analysed and assessed and, where possible, compared by means of market consultation processes. These are subsequently sent to the Audit Board for approval, as described in Section 37 of this report.

47. Details of the annual remuneration paid by the Company and/or legal persons in a control or group relationship with the Auditor and other natural or legal persons belonging to the same network, together with a percentage breakdown of the following services: (For the purposes of this information, the concept of network is that of European Commission Recommendation No. C (2002) 1873, of 16 May):

In 2020, the remuneration that was paid to the External Auditor and to other natural or legal persons belonging to the same network was as shown in the next table:

By the company		
Accounts review services	€118,750	14.4%
Reliability guarantee services	€112,500	13.7%
Tax advisory services	€0	0%
Non-account review services	€0	0%
By members of the Group		
Accounts review services	€504,745	61.3%
Reliability guarantee services*	€87,350	10.6%
Tax advisory services	€0	0%
Non-account review services	€0	0%

Considering that the mandate of the External Auditor began in 2019, the 70% limit established by Article 4(2) of EU Regulation No. 537/2014 (European Audit Regulation) is not applicable. In any case, it should be noted that in 2020 the separate audit services represented 35,3% of the average fees paid to the External Auditor in 2020 for the financial audit services provided to Galp and entities under Galp's control in the same period (below the 70% limit established by Article 4 no. 2 of EU Regulation no. 537/2014).

C. Internal organization

I. By-laws

48. Rules governing the amendment of the By-laws (Article 245-A(1)(h)).

Resolutions of the General Meeting on any amendments to the By-laws must be approved by a qualified majority of two-thirds of the votes cast (Article 12(4) of the By-laws).

II. Communication of irregularities

49. Means and policy for communicating irregularities occurring within the Company.

Galp has several mechanisms for detecting and preventing irregularities, which are regulated by its Internal Control Manual as well as by its Code of Ethics and Conduct, anti-corruption policy and related regulation, policies on the prevention of money laundering and terrorist financing and prevention of and reaction to harassment, and the internal procedure for verifying the integrity of third parties, which are published on Galp's website at https://www.galp.com/corp/en/corporate-governance/documentation

Galp also has a procedure on reporting irregularities, which allows for non-compliance with these or other rules as well as other irregularities to be reported, which was approved by the Audit Board and announced internally to all employees via the normal means of communication and externally through the official Galp website: https://www.galp.com/corp/en/corporate-governance/ethics-and-conduct/reporting-of-irregularities

The standard regarding the Reporting of Irregularities enables any party related to Galp – including employees, members of the company bodies, shareholders, investors, customers, suppliers and business partners – to report to the Ethics and Conduct Committee any knowledge or reasonable suspicion of irregularities, including within the scope of the above-mentioned mechanisms, namely breaches of the Code of Ethics and Conduct or of any standards that refer to it or which address the topics referred to therein, in the areas of accounting, internal accounting controls, auditing, anti-corruption measures, banking, and financial crimes.

The complaints submitted via the ethics helpline are received and processed by Galp's Ethics and Conduct Committee, which was set up by and reports to the Audit Board.

The security of information received about irregularities and related records is ensured by Galp's internal rules, in accordance with the relevant legislation on data protection and information security.

Personal data under the standard regarding Reporting of Irregularities are processed only in accordance with the general provisions on data protection and Decision No. 765/2009 of the Portuguese National Data Protection Commission (CNPD).

For confidentiality purposes, access to these reporting processes is only granted to the Audit Board, the Ethics and Conduct Committee members and, on a strict need-to-know basis, the Executive Committee

members and the employees or external consultants specifically appointed to support the work of the Ethics and Conduct Committee.

The procedures and policies mentioned above apply to Galp and to all the companies in which Galp directly or indirectly exercises management control, in all the countries where the Galp Group operates.

Irregularities must be reported to the Ethics and Conduct Committee in writing, by e-mail or letter to the following addresses:

E-mail: opentalk@galp.com
Postal address: Comissão de Ética e Conduta da Galp Energia, SGPS, S.A.
Rua Tomás da Fonseca, Torre A, 1600-209 Lisboa, Portugal

Irregularities may also be reported using the form available on Galp's intranet and website.

III. Internal control and risk management

50. Individuals, boards or committees responsible for internal auditing and/or the implementation of internal control systems.

Galp's internal control system is based on the guidelines set out by the Committee of Sponsoring Organisations of the Treadway Commission (CoSo) and it has adopted the five components of this model:

1. Control environment;
2. Risk assessment;
3. Control activities;
4. Information and communication;
5. Monitoring activities.

The Internal Control Manual establishes the general principles of and requirements for the internal control components, as well as the organisational model associated with the integrated and cross-cutting management of internal control within the Galp Group. This is defined as the set of processes carried out by the company bodies, specialist committees, internal auditors and Galp's employees, with a view to reasonably assuring Galp's achievement of its operations, reporting and compliance objectives.

The Internal Audit Department regularly informs and alerts the Audit Committee and the Audit Board, at their meetings, about any relevant facts, identifying opportunities for improvement and promoting their implementation.

The Internal Audit Department reports hierarchically to the Audit Committee, functionally to the Audit Board and administratively to the Executive Committee, following the reporting lines recommended by the Institute of Internal Auditors (IIA). The Internal Audit Department draws up an annual Audit Plan which includes an assessment of the risk management system based on Galp's strategic priorities and on the results of the risk assessment of the processes in the various business units. The annual Audit Plan is validated by the Audit Committee and approved by the Audit Board, which monitors its execution.

The Internal Audit Department regularly informs and alerts the Audit Committee and the Audit Board, in their meetings, about any relevant facts, identifying opportunities for improvement and promoting their implementation.

The Internal Audit Department is in compliance with IIA international standards and is periodically subject to external compliance assessments. Additionally, is in place a quality review and continuous improvement program, performed

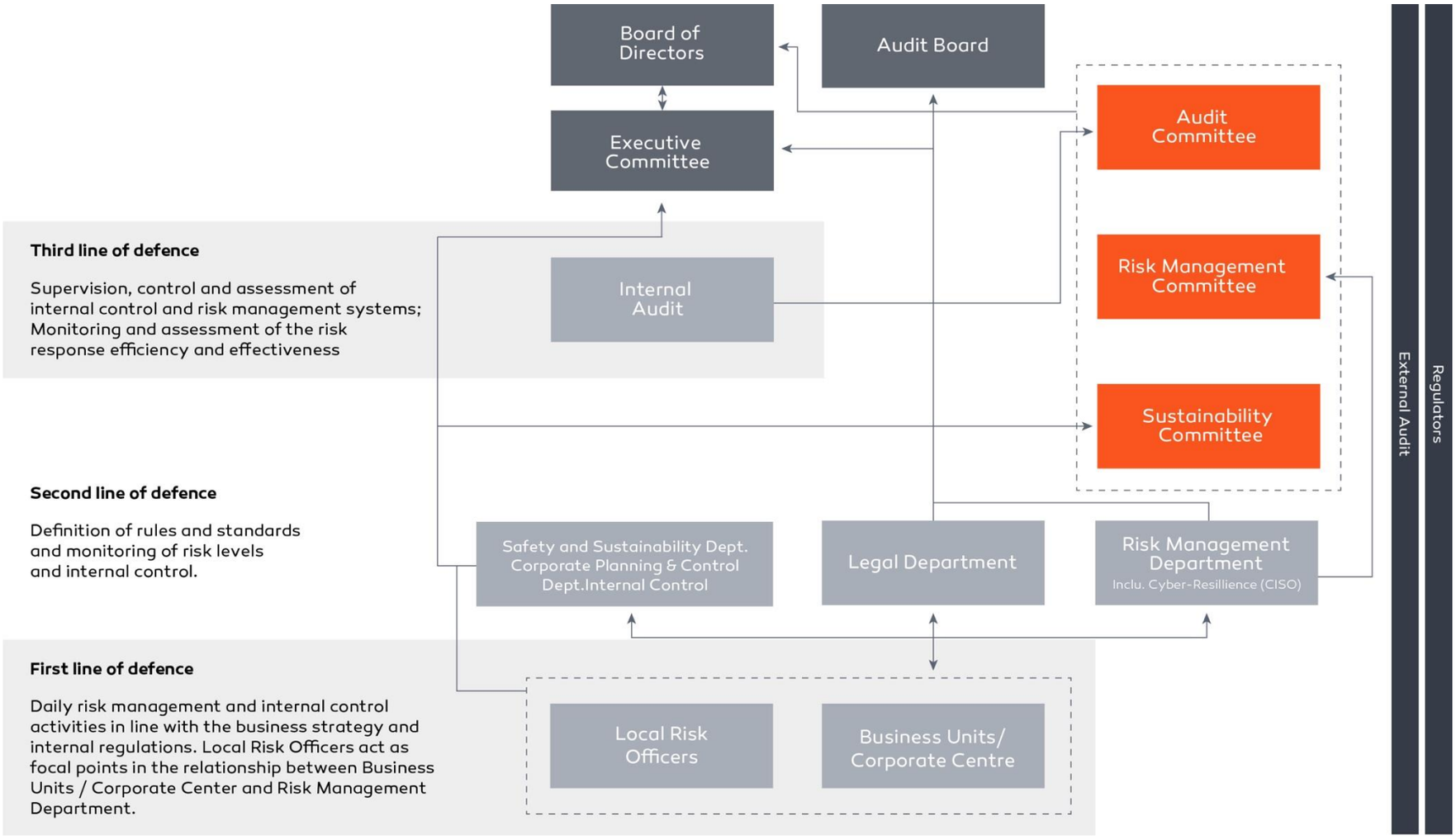
The External Auditor, Statutory Auditor, corporate areas responsible for conducting environment, quality, safety and sustainability audits and ethical and regulatory compliance audits and the Audit Board are also responsible for monitoring the effectiveness of the internal control system and assessing its internal functioning and procedures.

The Internal Audit Department is in compliance with the international standards of the IIA., being periodically subject to external compliance checks. Additionally, it is implemented the quality review and continuous improvement programs, which is carried out in accordance with IIA guidelines on this matter.

Implementing the internal control activities is the responsibility of the operational areas of the Group's business units, corporate functions and Galp Group companies.

51. Details, including the organisational structure, of the hierarchical and/or functional relationships with other company bodies or committees.

The organisational and governance structure of internal control and risk management is based on the three lines of defence model, as outlined in the chart below.


Board of Directors
Audit Board
Executive Committee
Audit Committee
Risk Management Committee
Sustainability Committee
Internal Audit
Third line of defence
Supervision, control and assessment of internal control and risk management systems; Monitoring and assessment of the risk response efficiency and effectiveness
Second line of defence
Definition of rules and standards and monitoring of risk levels and internal control.
Safety and Sustainability Dept. Corporate Planning & Control Dept.Internal Control
Legal Department
Risk Management Department
Inclu. Cyber-Resillience (CISO)
First line of defence
Daily risk management and internal control activities in line with the business strategy and internal regulations. Local Risk Officers act as focal points in the relationship between Business Units / Corporate Center and Risk Management Department.
Local Risk Officers
Business Units/ Corporate Centre
External Audit
Regulators

The three-lines-of-defence, approach ensures that:

- the first line of defence is responsible for the daily activities of risk management and internal control. Those responsible for the risks and processes of the Organizational Units, those responsible for control functions and the Local Risk Officers (LRO) must carry out their daily activities in line with the business strategy and with the internal rules and procedures, including the company's Risk Management Policy.

- the second line of defence is responsible for defining the internal standards with respect to risk management and monitoring risk levels and internal control.

- the third line of defence supervises, monitors and assesses the effectiveness of the risk management and internal control processes.

The Board of Directors, assisted by the specialised committees, defines the risk management strategy, approves the risk management policy, the risk appetite underlying the Strategic Plan and the Plan Budget and supervises risk management, monitoring the activity and recommendations of the Risk Management Committee, Internal Audit Committee and Sustainability Committee.

The Executive Committee ensures the alignment of risk management with the defined strategy and the business objectives; promotes the Organisation's organisational culture and commitment to risk management; establishes and ensures compliance with current risk management regulations; and defines reporting lines, skills and risk management responsibilities; validates the top risks, Key Risk Indicators (KRI) and treatment plans reported by the Risk Management Department.

The Chief Risk Officer (CRO), as a member of the Board of Directors and the Executive Committee, ensures that the strategic action plans that support the Group to manage and minimise the risks of Organizational Units are established, and that the risk management and risk appetite priorities are considered in decision-making; supervises and guides the risk assessment processes and respective response actions throughout the organisation; ensures that the risk management guidelines, defined by the Executive Committee, are complied with and reflected in the internal regulatory documents relating to risk management; promotes and controls the implementation of the recommendations of the Risk Management Department, the Executive Committee, the Board of Directors and the Audit Board regarding risk management.

The Risk Management Committee, comprising 3 non-executive Board members, is responsible for monitoring Galp's main risks; evaluating the compliance with the tolerance levels and the execution and effectiveness of decided mitigation actions; assessing Galp Group's internal control and risk management systems; issuing appropriate opinions and recommendations; and evaluating compliance with Galp's risk management policy.

The role of the Audit Board is to monitor the effectiveness of the management risk, internal control and internal auditing systems, as well as to assess the functioning of the internal systems and procedures on a yearly basis, thereby contributing to enhancing the internal control environment.

As part of its supervisory function, the Audit Board monitors the work plans and resources assigned to the Internal Audit and Legal and Governance Departments and receives periodic reports from these departments, including the auditing reports and the annual Compliance Plan, as well as information on reporting matters, the identification or

settlement of conflicts of interest and the detection of potential illegalities. The Audit Board meets monthly with the Head of Internal Audit and quarterly with the Head of Legal and Governance. It also meets quarterly with the Head of Risk Management Department to discuss the Group's most important risk management issues and receive documentation and results of Risk Management Committee meetings.

The Audit Board also provides its assessment of the annual strategic guidelines and risk policy established by the Board of Directors.

Although the External Auditor is positioned outside the organisation, it plays an important role in the control structure, analysing the accounting systems and the internal control system to the extent necessary to issue an opinion on the financial statements and making recommendations to the stakeholders, including the Executive Committee, the Board of Directors and the Audit Board.

Similarly to the External Auditor, the regulatory entities are not part of the organisation but have a significant control role, setting down the rules of functioning and establishing controls for assessing compliance, particularly in Galp's regulated electricity and natural gas business.

The relationship model between the company bodies, departments and committees responsible for implementing the internal control system favours the centralised management of risks by the Risk Management Department. This department is responsible, among other things, for:

- Promoting the application of best practices, guaranteeing a robust risk culture;
- Proposing the risk management policy, standards and procedures and their revisions;
- Proposing the declaration of risk appetite to the Board of Directors annually, guaranteeing its consistency with the strategic guidelines reflected in the approved business plans;
- Defining risk management support tools to be used by the Organizational Units, including risk measurement models and methodologies, and respective aggregation, maintaining their updating in accordance with existing regulations;
- Aggregating the risks of the Organizational Units and identifying the Top Risks of the Group classified in the following categories: Strategic, Financial, Operational, Legal and Governance, Information Systems and People;
- Monitoring risk at the corporate level, issuing alerts when it exceeds the limits and tolerances defined for KRIs;
- Producing periodic information, on a monthly basis for the Executive Committee and every three months for the Risk Management Committee and the Supervisory Board, with respect to the main risks, the evolution of the KRIs and the status of the response plans;
- Supporting the Executive Committee, the Risk Management Committee and the Supervisory Board, in matters covered by the respective responsibilities and in the framework of the proper functioning of these bodies.

The Legal and Governance Department establishes ethical and compliance controls, monitors the internal control system by conducting internal inquiries, audits, in coordination with Internal Audit Department, or risk assessments on ethics and compliance matters (such as bribery and corruption, money laundering and terrorism financing, fraud,

conflicts of interest, political, economic and financial sanctions and other restrictive measures, compliance with financial and market regulations), as well as by conducting due diligences on the same issues for relevant partners and transactions. Additionally, it administers training to Galp's employees on the compliance matters and appraises ethics and compliance performance in the various organisational units. It also develops special projects with a view to consistently improving Galp's compliance with ethics and regulatory matters.

The LRO are responsible for identifying and understanding the risk environment of their organizational units, for performing daily risk and opportunity management and integrating risk information into their decision-making processes, ensuring compliance with the risk management policies and procedures risk in force. They are also responsible for identifying, assessing and quantifying the potential value of risk exposure; the definition of KRI and the proposal of limits and tolerance thresholds for monitoring the evolution of the level of risk exposure; and the definition of risk response measures.

LRO support organisational units in the identification, evaluation and management of risks and opportunities, and in the definition of KRIs and the respective limits and tolerance thresholds. They are also responsible for ensuring an integrated vision and the identification of the organizational units Top Risks and for monitoring the evolution of risk exposure, according to the defined KRI. In addition, they prepare and report information on risk exposure in their organizational units, reporting incidents or imminent risks and ensuring that response measures are defined and implemented.

To ensure full coverage of all risk classes in Galp's Risk Taxonomy, a more robust and transversal LRO structure was approved in 2020, with the increase in the number of LROs.

52. Existence of other functional areas with risk control responsibilities.

In addition to those described above, the Safety and Sustainability Department, the IT & Digital Department as well as the Internal Control division of Accounting, Tax and Internal Control Department are also involved in controlling risk.

The Safety and Sustainability Department is responsible for corporate management of sustainability risks (including those arising from climate change, product quality, safety and security) and has the power to establish and propose assessment and monitoring methodologies.

These must be implemented in conjunction with the business units, thereby ensuring that a plan of action is established to minimise and eliminate these risks.

The cybersecurity area within the IT and Digital Department is responsible for implementing the cybersecurity policy and the procedures established by the Chief Information Security Officer within the Risk Management Department.

The Internal Control division is responsible for promote, coordinate and monitor the implementation of a formal internal control system at Galp Group, particularly for internal controls on financial reporting, as well as supervising and monitoring the mechanisms necessary for the effectiveness thereof, and define and promote the annual cycle of relevant activities within the scope of the Internal Control System for Financial Reporting (SCIRF), ensuring its consistency and internal coherence, according to the international reference framework COSO 2013. The identification of financial reporting risks is carried out together with the business units, the implementation of controls being relevant to

mitigate these risks, of the various levels of responsibility of the organisational structure.

53. Details and description of the major economic, financial and legal types of risks to which the Company is exposed in the pursuit of its business activity.

The long-term nature of Galp's commercial operations means that many of the risks to which it is exposed may be considered permanent. However, the triggering factors for internal or external risks and opportunities may develop and evolve over time and may vary in probability, impact and detectability.

In addition to the description of the main risks and opportunities inherent to the activity, the main trends that can translate into threats and emerging opportunities that may influence Galp's business model are also identified below, as well as appropriate mitigation measures.

Galp drafts its contracts carefully, including appropriate trade conditions. It has a Credit Management Manual which ensures the transversal management of credit risk and establishes procedures for assessing exposure to credit risk, assigning a rating, setting credit limits and calculating the risk-return ratio for each client.

As a result of these control measures, customer impairments have been steadily decreasing.

Price

Galp's assets and results are dependent on various market factors, including the price of oil products, natural gas, LNG, electricity and CO_2, as well as foreign exchange and interest rates.

Risk factor	Mitigation measures
The price of oil products, natural gas, LNG and electricity varies according to the market and it is vital minimise its impact and speed at which it is reflected in Galp's selling prices. Extreme situations, like the COVID-19 pandemic, can affect the demand and supply of oil and gas, influencing the prices of these commodities. The price of CO_2 is also determined by fluctuations resulting from the dynamics of supply and demand or changes in national and international legislation. Factors such as changes in consumption patterns and consumers behaviours with greater demand for less carbon-intense solutions, economic or operating circumstances, natural disasters, climate changes, political instability, armed conflict or supply restrictions, influence market dynamics. Foreign exchange rate fluctuations affect revenue and thus results and the cash flow generated by sales. The value of its assets and financial investments, especially those denominated in US dollars and Brazilian reais, is influenced by the foreign exchange risk in Galp's consolidated financial statements in euros. Interest rate volatility can affect Galp's financing costs and have an impact on results. Adverse changes in the main market parameters may have an impact on the value of Galp's assets and results.	Galp's presence of upstream and downstream (oil & gas & power) businesses provides a partial natural risk cover. As such, in a proactive fashion, new projects and prospective investments are assessed for different commodity price scenarios and carbon-emission impacts are also taken into account. In addition, oil price volatility, refining margin, electricity price and Natural Gas and LNG risks are managed through instruments available on the Intercontinental Exchange (ICE) and over-the-counter (OTC) markets. The management of these risks is set out in a specific risk policy, including hedging strategies and exposure limits. Interest rate, foreign exchange rate and other financial risks are managed centrally using variable and fixed rate financial instruments and hedging derivatives. The management and mitigation of this risk ensures compliance with the defined risk profile, periodic reports on the evolution of the variable sources of risk and hedging strategies being prepared.

Legal

Legal and regulatory changes may alter the business context in which Galp operates.

Risk factor	Mitigation measures
Besides the supply of natural gas, E&P projects and part of downstream business are carried out in emerging, or developing economies, with an unstable legislative and regulatory framework, which may cause changes in the legislative level with which Galp is required to comply. The Company's downstream and renewables activities in the Iberian Peninsula are also subject to political, legislative and regulatory risks, particularly in what regards regulatory matters and competition law. On the other hand, the legal risks associated with the potential breach of contract by Galp's counterparties within the scope of the various projects and transactions in progress are also transversal to Galp's activities. In addition, compliance with environmental laws and international regulations, namely in what respects to climate change and carbon emissions management, may result in higher investments due to the need to implement project changes, impacting its costs (e.g. prices of greenhouse gas emissions). Any changes in legislative frameworks may have a negative impact on Galp's activity and affect adversely its profitability.	The legislative and regulatory risk is managed proactively by Galp in the scope of valuing investments to avoid or minimise negative impacts. The decision to invest is made based on the opinion of the various areas of the Company, namely the legal department, which also provide an active legal assessment in the scope of negotiations aimed at carrying out underlying transactions, ensuring appropriate management of the actual and potential risks using several legal mechanisms. This risk continuously monitored after the decision to invest is made in order to weigh up any changes that may have been made by the lawmakers or regulators of the country where the project is located, and recurrently evaluate legal and contractual mechanisms that allow to avoid and, if necessary, mitigate legal risks associated with counterparties in the scope of the projects in question. Impacts are analysed and decisions made accordingly to protect the interests of Galp and relevant stakeholders'.

Portfolio

The execution of Galp's strategy may be affected if the Company is unable to develop, maintain or manage efficiently a high-value portfolio.

Risk factor	Mitigation measures
The creation of a high-value Upstream portfolio and future production are dependent on successfully harnessing the best opportunities to replace diminishing reserves. This success may be undermined by competition for opportunities, geopolitical risks, technical challenges and exploration difficulties which may compromise oil recovery levels, in particular, geological factors. On the other hand, the transition to a low carbon economy has potential impacts for Galp's business model, either as a result of regulatory changes or shifts in consumption, or technological challenges associated with new CO_2 collection, storage and use solutions. The inability to face new trends as well as the exposure to the necessity of replacing the current products and services by technologies aligned with the transition to a low carbon economy can have a significant adverse effect on the competitiveness and profitability of the Company.	At Galp, the execution of the defined and approved strategy is based on a permanent assessment and decision on the various investment options, as the final investment decision in a project requires an integrated assessment including the modelling of the key variables in alternative scenarios taking the contractual and tax setting into account. Mitigation measures to protect the future execution of the project are established. Projects are monitored throughout their execution, permanently evaluating the fulfilment of the initial planning and the impacts of actual or potential deviations. In addition, Galp is part of consortia that assure best practices and technologies, enabling high levels of safety, at low operational cost and environmental impact. Galp's objective is to ensure the sustainability of the Company and generate sustainable value for its stakeholders in the long term. Moreover, as it is aware of the risks of and the opportunities in the transition to a low-carbon economy, Galp has defined a strategy for diversifying its portfolio and increasing its energy generation from renewable sources, with lower carbon emissions. The carbon intensity of its business is assessed and a price for carbon emissions has been set (establishing a stress test price at $50/tCO_2$), with the aim of evaluating the potential cost of CO_2 emissions for the different alternatives being studied, differentiating those that ensure portfolio resilience in a low carbon world.

Market

In a market that is highly dependent on supply and demand, Galp's ability to adapt to new paradigms and react to competition is crucial for ensuring good financial performance and reaching strategic goals.

Risk factor	Mitigation measures
The Oil & Gas sector is particularly exposed to the economic context, with supply and demand being contingent on the macro environment. In particular, in a pandemic context like COVID-19 in which global demand for oil and natural gas has declined significantly. The energy sector is marked by strong competition that may increase when new players from other industries or sectors of activity enter the market and market conditions change due to new trends in the fossil fuel market and the new energy paradigm. Galp's competitive position may be damaged if it is unable to sustain, develop and operate a high-quality asset portfolio; if competitors gain access to resources that are important for the Company; if the Company is unable to access new technologies and keep up with sector innovation in areas such as exploration, production, refining and renewable energy; or if it is unable to control costs and improve operating efficiency; or if it is unable to recruit and retain the most qualified and experienced people. The intense competition to which Galp is subject may adversely affect its activity, as well as its operational results and financial performance.	Galp has a solid capital structure, in addition to competitive advantages, including a long-standing presence and strong operational experience in the industry and markets where it operates, as well as being a reference operator in the Iberian Peninsula, factors that give it resilience in the face of fluctuations of negative market conditions. In addition, Galp has established an innovation agenda committed to skills development enabling it to study, create and implement new and improved technical and technological solutions, that allow is to respond to emerging market challenges.

IT & Cybersecurity

Guaranteeing Galp's cyber and digital resilience is essential, given that a potential breach of digital security or failure of Galp's digital infrastructure may impair the availability of our services and operations, increase costs and impact Galp's reputation.

Risk factor	Mitigation measures
In the current context, digital systems have gained greater relevance and are now crucial for the development of most of Galp's processes, a fact accelerated by the current pandemic that we are experiencing. Any breach in the security of digital systems, whether accidental (due to network, hardware or software failures), or resulting from intentional actions (cybercrime), or negligence (internal or due to service providers), can have extremely negative impacts for Galp and its customers who rely on it. Added to this is the widespread and exponential rise in Cybercrime in recent years, becoming one of the largest global economies today sustained by exploiting weaknesses in organisations, their systems, people and processes. The unavailability of digital systems or failures in the integrity and confidentiality of data can compromise, cause disruptions, or affect the quality of Galp's operations; damage its reputation by the eventual loss, violation, misuse or abuse of personal and/or confidential data; cause loss of life, damage to the environment or the Company's assets; and result in legal or regulatory non-compliance, with possible fines or any other type of penalty. All of these scenarios can have a material adverse effect on Galp's profitability and reputation, and for this reason the organisation has been focused on strengthening and guaranteeing its Cyber Resilience, trying to create mechanisms that allow to Identify, Protect, Detect, Respond and Recover from these risks.	Galp mitigates this risk through its Cybersecurity and Cyberresilience Management System, which ensures the Identification, Protection, Detection and Response/Recovery of cyber threats and risks in the organisation (in its systems, people and processes), in all Group companies and everywhere it operates. From the point of view of identifying cyber risks, a set of technical and procedural measures are implemented with a view to ensuring visibility of possible weaknesses in their digital systems and service providers, as well as their follow-up until mitigation. Regular assessments are also carried out, both from the point of view of simulating external attacks and validating the adequacy of measures against the organisation's policies. In the protection and detection against cyber threats, a set of measures and mechanisms are considered to be adequate for the cyber threats of the organisation, as a way to guarantee the protection of our systems, people and processes, continuously adapting and adjusting these measures. In terms of response, Galp, through its CSIRT (Cyber Security Incident Response Team), ensures the ability to respond to cyber incidents 24/7, thus ensuring its resilience through coordination in responding to incidents that affect the organisation, and the identification and monitoring of the lessons learned, as a way to promote the continuous improvement of the organisation's cyber security. Galp continuously implements the improvements identified during the global and holistic assessment of maturity in Cybersecurity developed in 2019. In response to the current COVID-19 pandemic, several initiatives were launched throughout 2020 to raise awareness among its employees about the cyber threats that arose in this context, as well as public alerts to customers and the general population, regarding situations in which cyber criminals tried to take advantage of Galp's good name and reputation to carry out cyber fraud attempts.

Project execution

Galp's organic growth and results are dependent on the execution of its main investment projects.

Risk factor	Mitigation measures
The execution of projects in which Galp is involved is exposed to an assortment of risks, market, liquidity, political, legal, regulatory, technical, commercial and others (e.g., climatic events, water availability or rising sea levels) which may affect project execution within the established budget and deadlines and conformity with the established specifications and operational reliability. On the other hand, projects sanctioned for incorrect assumptions or information may bring about significant deviations from the original estimates. Project execution also depends on the performance of third parties, including partners, service providers and other contracted parties over which Galp has no control. The Company is therefore also exposed to this risk. Any event which leads to the non-implementation of the best projects with the best technical and financial conditions may have an impact on the value of Galp's assets and results.	At Galp, the final decision to invest in a project is based on feasibility studies and presupposes an integrated assessment, carried out by multidisciplinary teams, which also considers mitigation measures to protect the future execution of the project. The execution stage is monitored on an ongoing basis, enabling risks that may cause disruption to the initial planning to be identified and corrective measures to be implemented. When Galp is not the operator, the various project phases are monitored by an internal multidisciplinary team. Furthermore, as a result of its analysis process, including consortium entities, it forms partnerships with leading companies in the sector that have extensive project knowledge and experience, which means that the risk of poor performance in project execution is mitigated. Furthermore, Galp has a careful selection and contracting process for suppliers, service providers and others, which combines operational, cybersecurity, compliance and EQS and Sustainability criteria, thus mitigating the associated risks. A significant part of the remaining risk is transferred, through a comprehensive set of insurance policies (essentially regarding property damage, civil liability and the environment), to insurance companies, allowing to minimise the impact of serious accidents.

Geopolitics

Exposure to political developments and the resulting changes in operating environment can undermine the operations and adversely affect the value of Galp's assets and its results.

Risk factor	Mitigation measures
Galp has assets and operations in countries with low levels of political, social, economic, legal and tax stability. This group of assets includes Galp's main E&P projects (the Lula/Iracema project in Brazil and the Mamba project in Mozambique), the supply and sale of natural gas and the marketing of oil products. In particular, the northern region of Mozambique, where Galp has developed the Mamba project, has in recent years recorded an increasing number of acts of terrorism. Political instability, expropriation and nationalisation of assets, civil unrest, strikes, acts of terrorism, hostile acts against Galp personnel, its facilities, its transport systems and its digital infrastructure may cause damage to persons and interrupt or restrict operations, thereby adversely affecting Galp's ability to carry out these projects safely, reliably and profitably. The challenging macroeconomic situations of some of the countries in which Galp is present may materialise in volatility in the financial markets, negatively impacting Galp's activity In addition, materially adverse changes to the legal and tax framework of projects that Galp may be in the process of developing in various locations may undermine the operations and affect negatively the value of the assets and the results of Galp.	Galp manages this risk proactively through monitoring all the events that occur in the countries where it carries out its business and which may jeopardise its activity, especially in Brazil, Angola and Mozambique. In countries where there is greater risk exposure, Galp fosters the development of a sustainable and enduring relationship with local stakeholders, such as suppliers, governments and the people. In addition, Galp is building up a balanced and diversified, mainly in terms of geographic location, of the project portfolio and continuously assesses the possibility of entering new countries, which helps to reduce its geopolitical risk exposure.

Business Continuity

The failure to react effectively to crisis situations or disruptions may jeopardise the continuity of operations and be damaging to Galp's reputation and shareholder value.

Risk factor	Mitigation measures
The nature, complexity and diversity of Galp's operations expose it to a broad range of disruptive risks. This risk category includes operating contingencies related to the characteristics of Galp's activities; serious physical (natural disasters such as earthquakes, hurricanes and floods) and continuous risks (successive drought and change of precipitation patterns); information system failures; security (civil disorder, war and terrorism); and cybersecurity risks. The risk of pandemics, such as COVID-19, may also adversely affect Galp, due to the broad macroeconomic effects they produce, and also due to the increased probability of the occurrence of other risks such as cyber risks. These disruptive events may give rise to incidents that disrupt or threaten the critical business processes and may have an impact on human resources, the environment, the value of its assets, its results and, ultimately, on its business continuity and Galp's mission as a whole. Any event which disrupts business, even if expected, may have unforeseeable consequences, it being fundamental to ensure the ability to restore or replace critical operating capacity as quickly as possible is essential for minimising any such consequences.	These risks are managed and mitigated, firstly, by the adoption of the best practices in terms of security and business continuity policies, as well as operating rules and procedures. Galp also has a Business Continuity Management System, which is certified to be compliant with the ISO22301 standard, which aims to enhance the organisation's resilience in case of disruptions or crisis situations, facilitating the recovery of key activities and ensuring that the supply of products and services is restored to a minimum level within a pre-defined period after any disruption, thereby minimising its effects. The Business Continuity Management System, applied across the group, includes the Business Continuity Policy, the Business Continuity Management Standard and the Crisis Management Response Structure Standard and 15 continuity plans, including the Crisis Management Plan, the Crisis Communication Plan and the Disaster Recovery Plan. The Crisis Management Plan is used to effectively respond to any crisis situation, including cyber-attacks against Galp's information systems (cyber incidents which bring critical business processes to a standstill) as a complement to the Cyber Resilience Roadmap under implementation. Additionally, Galp has a wide range of insurance policies (essentially, civil liability, Business Interruption and environmental liability) that allow to mitigate the impact of any serious incident.

Credit

The exposure to credit risk may significant and adversely affect Galp's operational results and financial situation.

Risk factor	Mitigation measures
Credit risk arises from the possibility that a counterparty may not fulfil its contractual payment obligations, including in respect of financial investments and hedging instruments (relating to exchange rates, interest rates or others), as well as the risks that arise from the relationships between the Company and its customers, suppliers, services providers and other third parties. An increase in the amount of credit granted to third parties may result in financial losses for the company.	At Galp the risk associated with financial counterparties is managed through the selection of reference counterparties, the diversification of risk by multiple counterparties, and regular monitoring of the respective positions. Credit risk to customers is mitigated by diversifying the portfolio, careful contract drafting, with the inclusion of appropriate commercial terms and the establishment of collateral whenever relevant. In addition, Galp transfers a significant part of the amount to credit insurance companies. The management of this risk respects internal standards, namely the Credit Management Manual which ensures the transversal management of credit risk and establishes procedures for assessing exposure to credit risk, assigning a rating, setting credit limits and calculating the risk-return ratio for each client.

Reputation and Ethics

Unethical conduct carried out by employees or associated entities may have a material adverse impact on results and damage Galp's reputation and shareholder value.

Risk factor	Mitigation measures
Ethical misconduct on the part of Galp, its employees or associated entities, in particular corruption or fraud, may expose the Company and/or its employees to investigations, administrative or judicial proceedings, criminal and civil sanctions. Any of the above situations could result in significant financial losses and have a material adverse effect on Galp's shareholder value and reputation.	Galp has a set of internal policies and regulations – the Code of Ethics and Conduct, Policy for Preventing Corruption and Policy for Anti-Money Laundering and Counter-Terrorism Financing - which define the criteria for action in terms of preventing corruption risks, Money Laundering and Terrorism Financing that the Company and its employees must assume and require from each other, protecting the Company's reputation. The implementation of these standards is monitored by the Ethics and Conduct Committee.

Innovation

The failure to properly anticipate market changes and customer expectations can compromise the Company's long-term competitiveness and financial sustainability.

Risk factor	Mitigation measures
Galp carries out its business in a constantly changing environment, with new products, new players, new business models and new technologies continuously emerging, namely in the context of a new energy paradigm, based on new trends in the fossil fuel market. The Company must be able to anticipate these changes, understand market challenges, identify and integrate technological developments, in order to maintain its competitiveness, maintain a high level of performance and operational excellence and respond, in the best way possible, to the needs and requirements of its customers. The inability to innovate in terms of products and services can have a negative effect on Galp's competitiveness, profitability and reputation.	Galp mitigates this risk by adopting a proactive attitude of monitoring the evolution of market trends, and the needs of customers, by developing a customer-centric approach. The Company defined an innovation agenda, seeking to organise itself in order to favour the selection of projects adapted to changes in the market paradigm, in the regulatory or technological environment, investing in relevant projects and attracting and retaining the necessary skills.

Emerging Risks

In addition to closely monitoring the main risks inherent to its activity, Galp identifies the main trends that can translate into risks and opportunities and defines appropriate mitigation measures. Galp considers that the main emerging risks it faces are: (1) those arising, directly or indirectly, from climate change; (2) the growing threat of cyber risks; (3) those risks associated with new work paradigms; (4) those risks associated with stakeholder management.

New trends in the energy sector, with a profoundly changing energy paradigm, the growing exposure to various types of cyber risks, growing digitalisation, and new working models, spark a set of emerging risks that incorporate significant challenges for Companies, who have to deal additionally with increased scrutiny by stakeholders who often have different views and positions.

These risks, given their transversal nature, lead to an increase in the likelihood and impact of Galp's risk taxonomy as described above, additionally causing a high correlation between them.

In addition, COVID-19 has drastically altered the speed, direction and effects of emerging risks.

Climate Change Risks

- **Physical Risks**

Extreme weather events, which are increasingly recurrent, may cause damage or interruption and delay of operations concerning Galp's physical assets, some of which are located in regions prone to such phenomena.

- **Legal Risk**

The European regulatory framework sets ambitious targets for rapid decarbonisation. In particular, the 2019 Green Deal for Europe aims for zero net emissions by 2050 and a 55% reduction in emissions by 2030 (compared to 1990), in line with the Paris agreement.

Portugal defined the 2030 National Energy and Climate Plan (PNEC 2030) which establishes new national targets for reducing greenhouse gas emissions and targets for incorporating renewable energy, which place the country among the most ambitious countries in Europe in the battle against climate change.

These new regulations can significantly impact Galp's business strategy and business. On the other hand, the Company may be exposed to fines and other penalties if it does not meet the imposed targets.

- **Market Risk**

The change in the behaviour of consumers who increasingly seek less polluting energy sources and increased competition with the entry of new players from other industries or sectors of activity and with new forms of energy production puts Galp's business model under pressure.

Also the extreme changes in temperature with cold and heat waves that we see, particularly in Europe where Galp conducts most of its retail activity, cause the energy demand profile to which the Company must adapt to change.

- **Technological Innovation Risk**

Technological changes in the consumption of alternative energy to oil, bolstered by public support measures, will profoundly affect the oil sector. This new paradigm includes electric vehicles (EV) and hydrogen fuel.

The transition to a low carbon economy imposes a disruption and technological innovation that can result for companies in the oil sector, not only high investments, but also potential anticipated losses of value in current assets, enhancing the creation of "stranded assets". The need for a new technology profile requires a significant financial investment of the Companies.

- **Portfolio Risk**

The new market trends require an adjustment or diversification of businesses, encouraging the restructuring of the energy mix in Galp's portfolio with a focus on energy with low Greenhouse Gas emissions. Greater difficulties or the inability to respond to this new paradigm may compromise the Company's long-term sustainability.

- **Reputational Risk**

With public opinion, governments and customer preferences favouring companies that contribute to a more sustainable economy and with investors and other stakeholders exerting increasing pressure towards decarbonisation, Galp's position is under scrutiny, and the lack of action or delayed action may have a significant impact on its reputation.

- **Price Risk**

The new market dynamics contribution to the reduction in price of oil derivatives, natural gas and LNG commodities that still have a significant weight in Galp's portfolio. Conversely, Greenhouse Gas emissions tend to suffer price increases.

Mitigation Measures

Given the emerging nature of the risks and opportunities associated with the transition to a low carbon economy, and in view of the commitments assumed, Galp has broadened the scope of its risk analysis, incorporating them in its risk taxonomy.

The Company identifies and assesses the potential impact of these risks on the Company's long-term viability, simulating alternative scenarios of the main variables (climate scenarios, technological disruption, level of regulation) and then integrates them in its risk management models, monitoring its evolution and defining any appropriate mitigation measures.

The risks associated with climate change are covered within the Sustainability Committee, which analyses Galp's sustainability context and performance, and the level of organisational response; and by the Risk Management Committee, which monitors the risks. The activity of these two Committees is in turn monitored by the Executive Committee and by the Board of Directors. Additionally, internal monitoring reports are drafted.

At the same time, Galp incorporates new energy transition trends in its strategy, promoting the development of a balanced portfolio with the incorporation of renewable energies, betting on technologies and best

practices that allow one of the lowest carbon levels in the sector (10.3 $KgCO_2e$/boe), improving the efficiency of its assets with the aim of reducing the carbon footprint.

- **Cybersecurity Risk**

Cybercrime has experienced exponential growth over the last few years, both in terms of volume and sophistication, with emphasis on criminal activities directed at organisations, with a focus on the exploitation of weaknesses in its people, processes and systems, to steal sensitive data and/or halt its operations to subsequently request high financial redemption requests.

This fact, together with the greater dependence on digital systems and the data supported on them as a consequence of the ongoing digital transformation, has significantly increased, on the global scale, the risks associated with data protection, cyber security and resilience for organisations.

The digital transformation was also accelerated by the explosion of remote work in response to the COVID-19 pandemic, which dictated new risks, among others, associated with the use by employees of personal equipment instead of corporate equipment, or public wi-fi networks and networks that are not secure.

The energy sector, and Galp in particular, is no exception and is equally exposed to this risk, which can compromise the integrity of its systems, processes and people, and thus impair the normal conduct and growth of the company's activities, causing financial and operational losses, and even potentially significant reputational damage.

Mitigation Measures

Galp addresses this risk through its Cybersecurity and Cyberresilience Management System, which guarantees the Identification, Protection, Detection and Response/Recovery of cyber threats and risks in the organisation, in all the Group companies and in all locations across the globe where it operates.

In this context, Galp has developed several initiatives that allow not only to improve the protection and detection of cyber threats to its digital systems - with the installation of protection technology - but also to instil a culture of cyberresilience across the entire organisation (in its People and its Processes) and even anticipate this type of risk, in the digital infrastructure of the organisation and for its critical suppliers.

In addition, it also strengthened its ability to respond and recover from cyber incidents with the creation of the GALP CSIRT (Cyber Security Incident Response Team), a team dedicated to responding to cyber incidents that operates 24/7.

- **People Risk | New Work Model**

Companies need to adapt to the growing aspirations of employees to achieve a better balance between the professional and personal life, and for greater flexibility in the work environment, required mainly by generations Y and Z employees.

On the other hand, the inevitability of digitisation will force companies to obtain a competitive advantage through business intelligent and operating models supported by innovative technologies and data analytics.

Digitisation forces companies to restructure business models, to improve the speed and efficiency of change management, and to adapt quickly to new technologies, while ensuring the protection of data and information.

COVID-19 accelerated the introduction of a new working model paradigm, which introduces remote work as a substitute or complement to working in person, while creating greater pressure for the adoption of new technologies.

Not considered a priority for most companies until they are forced to adopt it, teleworking or some sort of hybrid model, should be the future of work in post-pandemic life. Companies are now faced with the need to find ways to maintain employee engagement and productivity, avoiding mistakes in talent management and employee engagement, in order to ensure that work is done in the most efficient way possible.

Mitigation Measures

Galp had already decided to adopt a new work model, based on a hybrid model with a mix of live and remote work. The Company understands that this new scheme gives employees greater flexibility to maintain a better balance between professional and private life, while ensuring their responsibility for achieving results. During the pandemic, the Company has managed its relationship with its employees by increasing the frequency of communication with them, including the provision of tools that promote mental and physical health.

- **Strategic Risk | Stakeholder Management**

In a context of disruptions both in the business model, with a changing direction towards "greener" energies, and in the work model, with the adoption of remote work, and also with technology, with a focus on Business Intelligence and data analytics, companies are often caught in a position where they are faced with different views and aspirations by the various stakeholders.

Rendering strategic changes necessary to maintain a competitive position, while simultaneously managing these different positions, requires companies to thoroughly assess all the risks and opportunities of each and every one of their strategic options.

Mitigation Measures

The company invests in a strategy hinged on transparency and strengthening relationships with investors, customers and other stakeholders, trying to anticipate and respond to the perpetually changing expectations of all stakeholders.

54. Description of the procedure for the identification, assessment, monitoring, control and management of risks

Galp is an integrated energy operator with a presence in several countries and it is exposed to internal/external factors, which bring uncertainty to its performance and the achievement of strategic objectives.

The Risk Management Policy approved by the Board of Directors establishes objectives, processes and responsibilities which enable Galp to ensure a solid risk management structure to guarantee compliance with strategic objectives.

Based on the guidelines established in the Risk Management Policy, Galp identifies, assesses and manages the risks and opportunities inherent to its strategy, including emerging risks and opportunities.

Galp's risk management approach is based on three general macro-activities as shown in the diagram below.



Identify and assess risks:

In its strategic planning process, Galp identifies the key risks - strategic, financial, operational, legal and governance, IT systems and people factors - and incorporates them into its business models to build a set of future alternative scenarios which ensure the construction of a more resilient portfolio.

The Risk Management Policy establishes Galp's commitment to manage the inherent exposure in accordance with the Company's Risk Appetite, ensuring compliance with legislative, regulatory and ethical conduct requirements.

The Board of Directors approves, on an annual basis, a Risk Appetite Statement, which is reviewed each year taking potential strategy and context changes into account.

At the Board of Directors' meeting of 18 December 2020, the Board approved a Risk Appetite Statement regarding the underlying risk in the 2021-2025 Budget and Plan proposed by the Risk Management Department.

Additionally, the Risk Management Department tests the various business models underlying the Budget & Plan process, by introducing the volatility of the identified KRIs and obtaining both a holistic view of Galp's portfolio returns (Sharpe Ratio) and of its value at risk (V@R) in an 'As Is' and 'To Be' approach.

For the 2021-2025 Budget & Plan, the Risk Management Department submitted this analysis to the Executive Committee, the Board of Directors and the Audit Board together with the Risk Appetite Statement. This activity allows an overview of the portfolio from a risk/return perspective.

Every quarter, the Risk Management Department, based on the impact/probability matrixes of the organisational units, reassesses Galp's overall risk matrix and the main mitigation measures and reports them to the Risk Management Committee and the Risk Management Board. This enables awareness to be raised about the main risks and

external and internal opportunities by means of a top-down and bottom-up assessment.

Monitor, control and report risks:

The Risk Management Department, in conjunction with the LROs, continuously monitors the KRIs and reports their progress to the Risk Management Committee on a quarterly basis.

Actions responding to such risks are established whenever necessary.

On a monthly basis, the Risk Management Department checks on the implementation of risk response actions and, every quarter, it reports their status to the Risk Management Committee and to the Audit Board.

Galp classifies risks by response categories defined to ensure that risks are within the guidelines issued by the Board of Directors or the Executive Committee in terms of risk limits and tolerance, depending on whether it is decided to avoid, transfer, reduce or accept the risk.

Supervise, audit and review:

Galp's Risk Management Committee and Audit Board oversee the risk management process.

The information reported each quarter by the Risk Management Department to the Risk Management Committee (reassessment of risk matrix and status of response actions) allows this Committee to supervise, audit and realign the risk management process.

The main decisions and activities performed by the Risk Management Committee are quarterly reported to the Audit Board.

The Internal Audit Department conducts an annual audit of the risk management process and makes recommendations whenever it considers that improvements are necessary. The 2020 audit recommendations are at the final phase of implementation.

55. Core details of the internal control and risk management systems implemented in the Company for the financial information reporting procedure (Article 245(A)(1)(m) of the Portuguese Securities Code).

Galp has drafted and implemented rules and procedures which are applicable to the control activities for preparing and reporting financial information. It prepares its accounts in compliance with the IFRS accounting standards approved by the European Union. In order to deal with any situations which are either not covered or are insufficiently covered in the IAS/IFRS standards or SIC/IFRIC interpretations, Galp has an accounting manual which follows best market practices and which is applied internally as a complement to IFRS rules.

Recognising the technological dependence of these areas, Galp has characterised the control activities for financial reporting in relation to the use of support technologies (application/ information system) and identified the control activities for those technologies.

The documents that disclose financial information to capital markets are prepared by the Investor Relations Department based on the information provided by the Accounting, Tax and Internal Control Department and the Corporate Planning and Control Department. In relation to the half-yearly and annual accounts, the documents are sent to the Board of Directors and the Audit Board for approval before they are disclosed.

Galp has a plan to review, systematise and document its internal control system with respect to financial reporting, in order to strengthen mitigating controls on financial reporting risk and thus preserve itself as a reference entity regarding the reliability of its financial reporting.

In 2018, Galp developed and implemented an information system for monitoring the registration of insiders and people with access to this information (permanent and occasional insiders), including financial information, which meets the requirements arising from the recent European legislative reform in this area (Market Abused Regulation).

IV. Investor assistance

56. Department responsible for investor assistance, composition, functions, the information made available by this department, and its contact details.

The area responsible for supporting investors is the Investor Relations Department.

Composition

Manager: Otelo Ruivo

Team: Inês Clares Santos, João G. Pereira, João Antunes Teresa Rodrigues

Main duties

The Investor Relations Department performs all the duties of the investor support office. This department reports directly to the Chief Executive Officer and its duties are to prepare, manage and coordinate all the activities that are required in order to achieve Galp's objectives for capital market relations, particularly with shareholders, institutional investors and financial analysts.

The Investor Relations Department is responsible for ensuring that the Company's communications with capital markets result in an integrated and consistent perception of Galp's strategy and operations, thereby providing investors with sufficient up-to-date information to make informed decisions. To this end, the IR team produces and provides relevant, clear and accurate information about Galp to the market and does so in a regular, transparent and timely manner, with a view to information symmetry.

The Investor Relations Department is also responsible for fulfilling statutory reporting obligations to the regulatory and market authorities, which includes drawing up reports disclosing Galp's results and the

Group's activities, drafting and disclosing communications on inside information, providing the information requested by investors, financial analysts and other capital market participants, as well as providing support for the Executive Committee in aspects relating to Galp's status as a publicly traded company.

The Investor Relations Department monitors changes in the share prices of Galp and comparable companies. It supports the management team by means of direct and regular contact with national and foreign

financial analysts and institutional investors, either at conferences and collective presentations aimed at investors or in bilateral meetings.

Disclosed information

Galp's capital market communication policy aims to provide all the relevant information to allow reasoned judgements to be made about the evolution of the Company's activity, its expected and achieved results and the various risks and opportunities that may affect its activity.

With this in mind, Galp fosters transparent and consistent communication based on explanations of the criteria used in the provision of the information and clarification of the reasons for any amendments to it, in order to facilitate the comparison of the information provided in different reporting periods.

Strategy execution

The website provides information on the Company's activities and strategy, including information for capital markets and other stakeholders, including up-to-date information about strategic execution and future expectations.

Corporate governance

The website provides information on the Company's corporate governance, in compliance with the rules in force in the Portuguese market and in accordance with practices adopted by Galp.

Results

The Company discloses its results on a quarterly basis on dates announced and included in its financial calendar.

The information disclosed to the market includes a summary of the operating information for each quarter - the Trading Update - which is usually issued two weeks before the announcement of the quarterly results.

The quarterly results report and supporting documents are usually released before the market opens on the previously announced date. This is followed by a conference call where the Company management team presents the main points of the announced results and holds a Q&A session. In the following days, other supporting documents are also published, including an editable table of results and the audio recordings and transcripts of the conference calls.

Corporate events calendar

In 2020 the calendar was as follows:

Event	Date
Capital Markets Day & Results 4th Quarter 2019	18-02-2020
Publication of the 2019 Report & Accounts	23-03-2020
Trading Update 1st Quarter 2020	08-04-2020
2020 Annual General Meeting	24-04-2020
2020 1st Quarter Results	27-04-2020
Trading Update 2nd Quarter 2020	13-07-2020

Event	Date
2020 2nd Quarter Results	27-07-2020
Trading Update 3rd Quarter 2020	12-10-2020
2020 3rd Quarter Results	26-10-2020

The forecast calendar for 2021 is as follows: (*)

Event	Date
Trading Update 4th Quarter 2020	29-01-2021
2020 4th Quarter Results and short-term update	22-02-2021
Publication of the 2020 Report & Accounts	22-03-2021
Trading Update 1st Quarter 2021	12-04-2021
2021 Annual General Meeting	23-04-2021
2021 1st Quarter Results	26-04-2021
Trading Update	12-07-2021
2nd Quarter 2021	26-07-2021
Trading Update 3rd Quarter 2021	11-10-2021
2021 3rd Quarter Results	25-10-2021

(*) dates subject to change.

Consensus

Galp publishes its quarterly, medium- and long-term results as estimated by the analysts who cover the Company's share and discloses a summary of their recommendations on the share price.

Galp share

The website includes a section on Galp's share price history, comparisons with the evolution of the PSI-20 and comparable company share prices. In addition, this section of the website contains information about the Company's shareholding structure, including a description of the qualifying holdings and detailed past information about the payment of dividends.

Communication to the market

All the relevant information is disclosed preferably before the opening or after the closing of the Euronext Lisbon daily market session. It is made available in Portuguese and in English via the CMVM's information disclosure system.

In order to facilitate access, the information is also provided, quickly and at no cost, to a non-discriminatory database. It is also sent by e-mail to all investors and other interested parties who have previously requested it.

The database currently includes over 2,400 contacts. The relevant information is disclosed simultaneously on the "Investors" section of Galp website at https://www.galp.com/corp/en/investors

Contacts

The Company holds conference calls to announce its quarterly results and to provide strategy execution updates on the dates the results are released.

Galp fosters a close relationship with the financial community in order to keep it informed, on a regular and consistent basis, of the Company's strategy and the implementation of that strategy. This is done by the IR team and, where appropriate, the management team, proactively and reactively, using various communications channels such as e-mail, telephone and video, among others, as well as holding and participating actively in meetings and conferences with institutional investors and analysts.

Throughout the year of 2020, Galp participated in 17 conferences and 4 roadshows. All in all, including ad-hoc meetings and conference calls, the Investor Relations team held more than 103 meetings with institutional investors, covering approximately 190 investment funds in Europe, North America, Latin America and Asia. Over 50% of these meetings were attended by at least one member of the Executive Committee, underlining the high level of the management team's commitment to communicating the Company's strategy and its implementation to capital markets.

The Investor Relations team may be contacted at: Email: investor.relations@galp.com

Telephone: +351 217 240 866.

57. Market liaison officer.

Galp's representative for market relations is Otelo Ruivo, Head of Investor Relations Department.

58. Information on the extent of and deadlines for replying to requests for information received throughout the year or pending from previous years.

In order to foster a close relationship with the capital markets community, the Head of Investor Relations Department replies to all information requests received by telephone or e-mail.

Replies and clarification are provided as quickly as possible but the response time depends on the nature and complexity of the issues in question. The transparency, symmetry and consistency of the available market information must be assured at all times.

In 2020, the Investor Relations team replied to over 390 requests for information and the average response time was under one business day.

V. Website

59. Address(es).

Galp publishes information on its website at www.galp.com

60. Where to find information about the company, its public company status, registered office and other details referred to in Article 171 of the Companies Code ("CSC").

The information listed in Article 171 of the CSC can be found on Galp's website at https://www.galp.com/corp/en/footer/contacts

61. Where to find the By-laws and regulations of the boards and/or committees.

The By-laws of the Company and the regulations of the company bodies and internal committees establish their duties, powers and responsibilities, the chairmanship, the frequency of their meetings, their functioning and the duties of their members. These are available on the Company's website, as follows:

- Bylaws: https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Estatutos_EN_rev%20110122018_1.pdf
- Board of Directors' Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_2019_2022_CA_en.pdf
- Audit Board Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/regulamento_fiscal_maio_2019_EN.PDF
- Executive Committee Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_CE_2019_2022_EN_.pdf
- Audit Committee Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento_Comissao_Auditoria_052019_EN.pdf
- Sustainability Committee Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Sustentabilidade_E1.pdf
- Risk Management Committee Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Gestao%20de%20Risco_E1.pdf
- Ethics and Conduct Committee Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governance2019/Comiss%C3%B5es/comiss%C3%A3o%20de%20%C3%A9tica%20e%20conduta/Regulations-Ethics%20Conduct%20Committee.pdf
- Remuneration Committee Regulations: https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Regulamento%20Comissao%20de%20Remuneracoes_EN_2019.PDF

62. Where to find information on the names of members of the company bodies, the market liaison officer, the Investor Assistance Office or equivalent structure, their functions and contact details.

The information about the members of the company bodies is available on Galp's website at https://www.galp.com/corp/en/corporate-governance/governing-model-bodies

The information about the IR section is available on Galp's website at https://www.galp.com/corp/en/investors/investor-support/investor-relations-team

In addition, the number of meetings held in 2020 by the company bodies and committees is available on Galp's website under the tab for each company body and committee.

63. Where to find the financial statements, which must be accessible for at least five years, and the half-yearly calendar of company events that is published at the beginning of every six-month period, including, among others, general meetings, disclosure of annual, half-yearly and, where applicable, quarterly financial statements.

The financial statements are available for at least ten years on Galp's website at https://www.galp.com/corp/en/investors/reports-and-presentations/reports-and-results

The calendar of corporate events is available on Galp's website at https://www.galp.com/corp/en/investors/investor-support/investor-calendar

64. Where to find the notice convening the General Meeting and all the related preparatory and subsequent information.

The notice convening the General Meeting and all the related preparatory and subsequent information are available on Galp's website at https://www.galp.com/corp/en/investors/information-to-shareholders/general-shareholders-meetings

65. Where to find the past resolutions of the General Meetings, the percentage of share capital represented and the voting results for the previous three years.

The record of the resolutions passed at the General Meetings, the percentage of share capital represented and the results of the votes can all be found on Galp's website at https://www.galp.com/corp/en/investors/information-to-shareholders/general-shareholders-meetings

D. Remuneration

I. Power to set remuneration

66. Details of the power to set the remuneration of the company bodies, the members of the Executive Committee or the Chief Executive Officer and the officers of the Company.

The Remuneration Committee is the company body responsible for setting the amounts of remuneration payable to the members of Galp's company bodies and its Executive Committee, on the basis of the remuneration policy in force, it comprises three shareholders elected at the General Meeting who are not members of the Board of Directors or the Audit Board, pursuant to Article 8 of the By-laws, which states that those positions are incompatible.

Under Article 248-B(3) of the Portuguese Securities Code, the only persons who are classified as senior executives of Galp are the members of the Board of Directors and of the Audit Board.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including details of any natural or legal persons that have been recruited to provide services to it and a statement on the independence of each member and advisor.

Galp's current Remuneration Committee was elected for the 2019-2022 term at the General Meeting of 12 April 2019 and has the following members:

- Amorim Energia B.V. (Chairman)
- Jorge Armindo Carvalho Teixeira
- Joaquim Alberto Hierro Lopes

The fact that the non-executive directors – Paula Amorim, Marta Amorim, Francisco Teixeira Rêgo, Rui Paulo Gonçalves and Jorge Seabra de Freitas – are members of Amorim Energia's Board of Directors does not affect its independence as a member of the Remuneration Committee, since these members, individually or together, do not have the complete autonomy to take the decisions of the Board of Directors of Amorim Energia.

The Remuneration Committee Regulations set down an obligation for its members to promptly inform that body of any facts that may constitute or give rise to a conflict of interest between the interests of the member in question and the Company's interests.

In addition, the Company approved internal regulations which are applicable, among others, to the members of the Remuneration Committee and which establishes that members who have been identified as being in a conflict of interest must refrain from discussing, voting, making decisions, giving opinions, taking part in or exerting any influence on any decision-making process directly related to this conflict of interest, except for providing any necessary information or clarifications.

In 2020, the Remuneration Committee held two meetings and detailed minutes were drawn up of these meetings.

In 2020, the Remuneration Committee did not engage any consultancy services, despite having that possibility when it considers it necessary, under Article 6 (3) of its Regulations and subject to the applicable conditions.

68. The Remuneration Committee members' knowledge and experience of remuneration policy issues.

The members of the Remuneration Committee are familiar with remuneration policy matters owing to their academic background and extensive corporate experience. They are therefore considered suitable for discussing and deciding on all the matters that fall within the remit of the Remuneration Committee, as evidenced by their biographical data in the Appendix to this report.

Specifically, Remuneration Committee member Jorge Armindo Carvalho Teixeira has a long professional record which includes working in listed companies and holding management positions, including as chairman, which has given him the appropriate knowledge about remuneration issues for company bodies in this type of company.

III. Remuneration structure

69. Description of the remuneration policy for the Board of Directors and Audit Board provided for in Article 2 of Law No. 28/2009 of 19 June.

The Remuneration Committee submitted a statement on the 2020 Remuneration Policy for Galp's company bodies for the approval of the General Meeting held on 24 April 2020, in which are described the processes for setting and implementing Galp's remuneration policy for 2020, as well as its general objectives and principles, in accordance with Law 28/2009 of 19 June, still in force at that date, and CMVM Regulation No. 4/2013 – which also takes into account the PICG Corporate Governance Code. This policy is available on Galp's website at https://www.galp.com/corp/Portals/0/Recursos/Investidores/SharedResources/Assembleias/EN/2020/AG%20-%2024%20abril%202020%20-%20Ponto%206%20-%20EN.pdf

A brief description of the Remuneration Policy applied in 2020 is provided below.

Board of Directors

Non-executive members - fixed monthly sum set by the Remuneration Committee in line with standard market practices and paid twelve times a year. This may be different in the case of the Chairman of the Board of Directors in recognition of his/ her special duties to represent the Company and in the case of members of the Board of Directors who have special supervisory and monitoring duties or integrate specialised committees.

The remuneration of the non-executive members of the Board of Directors does not include any amounts based on the performance or value of the Company.

Executive members - the remuneration of the executive members in 2020 includes two components:

Fixed remuneration - monthly amount, paid fourteen times a year, set by the Remuneration Committee, taking into account the nature of the assigned duties and responsibilities and market practices for equivalent positions in comparable domestic and international companies.

Annual variable remuneration – the maximum potential cap represents 50% of the total variable remuneration, with the amount being set in line with the following indicators:

- Cash Flow From Operations (CFFO), weighted at 75%;
- Production Growth, weighted at 10%;
- Total Recordable Injury Rate (TRIR), weighted at 10%;
- Carbon Intensity Index (CII), weighted at 5%.

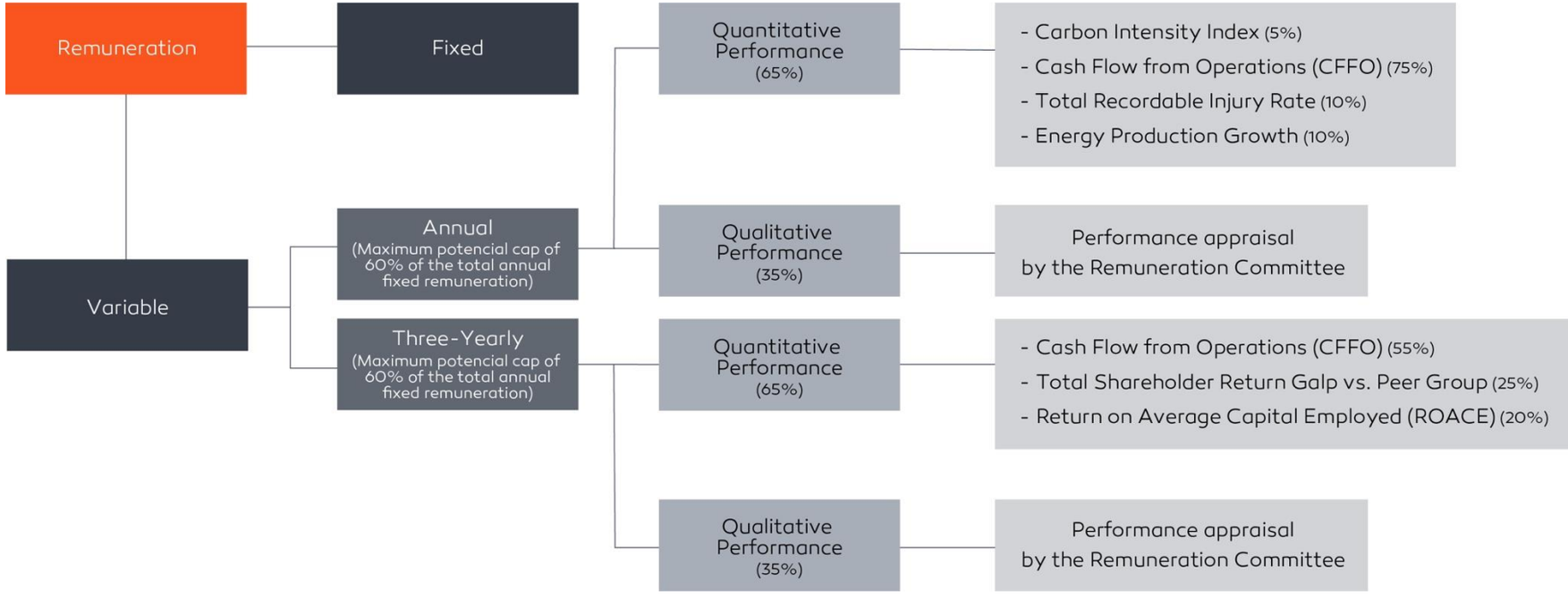
Three-yearly variable remuneration – the maximum potential cap represents 50% of the total variable remuneration, with the amount being set in line with the following indicators:

- Cash Flow From Operations (CFFO), weighted at 55%;
- Total Shareholder Return (TSR) Galp vs. Peer Group comprised by Total, Repsol, OMV and ENI, together with the PSI 20TR Index and the SXEGR Index, which are considered references in the national and European energy market, respectively), weighted at 25%;
- Return on Average Capital Employed (ROACE), weighted at 20%.

The above-mentioned indicators constitute 65% of the applicable annual and three-year variable remuneration. The remaining 35% of each variable remuneration component comes from the result of the Remuneration Committee's qualitative appraisal of the executive directors' annual activity or over the relevant three-year period, as the case may be.

The amount of annual variable remuneration for each year is determined by the Remuneration Committee in accordance with the achievement of specific previously defined goals, with the maximum potential cap of 60% of the total annual fixed remuneration for each variable remuneration component. This is in line with generally recognised practice in the Portuguese market and internationally and is considered to represent a reasonable proportion between the variable annual fixed remuneration components.

The remuneration structure of the executive members of the Board of Directors is as follows:



Other benefits

The executive members of the Board of Directors are entitled to a retirement savings plan or other similar financial product paid by Galp.

Each executive member of the Board of Directors also receives the fringe benefits available at Galp for his/her position, in accordance with the Company's terms and conditions, including the use of a vehicle and paid health and life insurance.

For executive directors whose permanent residence is outside the area where the Company is based, the Remuneration Committee sets a housing allowance.

In the case of a court ruling against one or more members of the Executive Committee for unlawful action which results or has resulted in a restatement or impairment of the financial statements in terms detrimental to the Company, the Remuneration Committee may ask the Board of Directors to adopt the adequate measures to claw back the variable remuneration paid to the member or members in question which it deems appropriate for the period of the said unlawful action.

There were no divergent situations from the rules for implementing the remuneration policy.

Audit Board

The remuneration of the members of the Audit Board consists of a fixed monthly sum paid twelve times a year, with the Chairman of the Audit Board receiving higher remuneration by virtue of the special duties s/he performs.

The remuneration of the Audit Board members does not include a variable component.

Statutory Auditor

The Statutory Auditor is remunerated for the review and legal certification of the Company accounts at the amount established by contract in accordance with normal market conditions.

Board of the General Meeting

The remuneration of the members of the Board of the General Meeting is a fixed annual sum set by the Remuneration Committee, which is different for the Chairman, Vice-Chairman and the Secretary. It is based on the Company's financial position and market practices.

The 2020 Remuneration Policy for executive directors maintains the principles of the remuneration policy for the 2019-2022 term of office.

The Remuneration Committee will submit to the 2021 General Meeting a proposal for a remuneration policy that will take into account the recent legislative changes introduced by Law 50/2020 of 25 August.

70. Information on how remuneration is structured so as to enable the interests of the members of the Board of Directors to be aligned with the Company's long-term objectives, as well as information on how it is based on the performance appraisal and how it discourages excessive risk-taking.

In order to achieve greater alignment between the activities of the directors and the Company's long-term objectives, a policy for establishing multi-annual goals was introduced in 2012, reinforced in 2019 and maintained in 2020.

According to the remuneration policy described in Section 69 of this report, the variable remuneration of directors holding executive positions includes both annual and three-year variable components, with the same weighting (each with a potential cap of 60% of the total annual fixed remuneration).

This weighting is based on the performance appraisal conducted by the Remuneration Committee using specific, measurable and pre-defined criteria which, together, take into account the Company's sustainability

and growth indicators and the wealth that has been created for shareholders in a sustained manner over the short, medium and long-term, with a three-year time lag in relation to the year in question in the case of the multi-annual component, under the terms of the 2020 Remuneration Policy described above.

Accordingly, the use of qualitative criteria oriented towards a strategic medium-term perspective in the development of the Company, the three-year period used for setting the multi- annual variable remuneration amount and the existence of a cap on variable remuneration are all key elements in fostering management that is aligned with the medium- and long-term interests of the Company and its shareholders.

The executive members of the Board of Directors may not enter into contracts, either with the Company or with third parties, which have the effect of mitigating the risk inherent to the variable remuneration set for them by the Company.

Taking into consideration the remuneration structure described above, particularly the balance between fixed and variable remuneration, the existence of both annual and three-year variable remuneration and the criteria for determining the variable remuneration, Galp considers that its remuneration mechanism permits an alignment between the interests of the Company and those of its executive directors by incentivising long-term sustainable growth and avoiding short-termism as well as excessive risk taking.

71. Reference, where applicable, to any variable remuneration component and information regarding any impact of the performance appraisal on this component.

The total variable remuneration for each year is set by the Remuneration Committee based on the fulfilment of pre-defined indicators.

The above-mentioned indicators constitute 65% of the applicable annual and three-year variable remuneration.

The remaining 35% of each variable remuneration component comes from the result of the Remuneration Committee's qualitative appraisal of the executive directors' annual activity or over the relevant three-year period, as the case may be, within the context of appropriate carbon intensity management.

In order to ensure consistency between the release of cash flow and the total variable remuneration paid, this is dependenton Galp's cash flow from operations. Thus, if the Company has a CFFO lower than 80% of the targets for the respective year, no variable remuneration will be paid.

The three-year variable remuneration represents a potential cap of 50% of the total variable remuneration, which is in line with generally recognised practices in the national market and with the applicable framework for banking institutions laid down in Annex II(1)(n) of Directive 2011/61/EU, of 8 June 2011, which sets a minimum amount of 40% for deferred variable remuneration.

The determination of the annual and the three-year variable remuneration may consider adjustments that are reasonable regarding exogenous

factors and unforeseen economic decisions, as well as those necessary to ensure comparability, that are appropriate to encourage management objectives, as previously defined by the Remuneration Committee.

72. Deferred payment of the variable remuneration component and the relevant deferral period.

In order to best stimulate the alignment of the executive directors' practices with the Company's long-term sustainable interests, a multi-annual objectives policy was introduced in 2012 to come into force in 2013. This policy defers, for a period of three years, a significant portion of the variable remuneration payment, which remains associated with and dependent on the performance of the Company during this period.

Each year, objectives are set for the following three-year period, with the three-year appraisal being made at the end of each three-year period. The first three-year period for which multi- annual objectives were set was 2013–2015. In 2020, the 2017– 2019 three-year period was assessed and the corresponding remuneration paid.

The three-yearly variable remuneration is set annually by the Remuneration Committee, which establishes a provisional amount based on an assessment of each year of the three-year period. However, the actual deferred amount of the three-year variable remuneration depends on: (I) the fulfilment of the overall objectives for the three-year period in question; and (II) a qualitative appraisal conducted by the Remuneration Committee, which means that the provisional amounts set in the first year of the three-year period may be reduced or increased at the end of the three-year period in question, as a result of the appraisal.

73. Criteria on which the allocation of variable remuneration in shares is based, as well as the criteria for the executive directors to keep these shares and for entering into contracts in respect of these shares, including hedging or risk transfer contracts, the corresponding limit and the proportional relationship to the total annual remuneration.

The Remuneration Committee has established a mechanism for partial payment of the variable triennial remuneration through shares of the Company in order to promote the alignment of the Company with the long-term interests of the shareholders.

Accordingly, 20% of the triennial remuneration must be paid in shares and the remainder either in shares or in cash. Payment only takes place after each three-year period. In any case, each executive director has the option to increase by 10% their payment in shares with an additional 1 year holding period. In any case, executive members of the Board of Directors must not enter into contracts that have the effect of mitigating the risk inherent in the variability of their remuneration.

The amount of the final variable remuneration will depend on compliance with the defined annual trigger, as well as on the result of the assessment of the performance indicators approved by the Remuneration Committee.

74. Criteria on which the allocation of variable remuneration in options is based and the details of the deferral period and price at which these are exercised.

Galp currently has no system for allocating variable remuneration in options.

75. Key factors and grounds for any annual bonus scheme and any other non-pecuniary benefits.

Galp has no established annual bonus scheme apart from the variable remuneration described above.

Executive directors are entitled to the use of a car and to health and life insurance.

76. Key characteristics of supplementary pension or early retirement schemes for directors and the date on which the individual schemes were approved by the General Meeting.

The Remuneration Committee, under Article 8 of the By-laws, has the power to approve the pension or additional pension that is attributed to the executive directors and paid by the Company.

The 2020 Remuneration Policy approved by the General Meeting and described in Section 69 of this report provides for a savings retirement product or other similar financial product to be attributed through a payment to be made by Galp.

This savings plan entails no future costs for Galp as it consists only of an amount to be attributed for financial investment for so long as the members of the Executive Committee hold office and it does not fall within Article 402(1) of the CSC.

IV. Remuneration disclosure

77. Details of the amount of annual remuneration earned, in total and individually, by the members of the Board of Directors and paid by the Company, including fixed and variable remuneration and, as regards the latter, the different components that gave rise to the same.

The gross annual amount of remuneration received by the members of the Company's Board of Directors during the 2020 financial year, as set by the Remuneration Committee, was €7,462,442 in total, of which €4,403,400 was fixed remuneration, €1,661,120 was variable remuneration, €892,500 was for the retirement savings plan, and €505,422 was for other benefits.

The table below shows the itemised gross individual remuneration of each member of the Board of Directors in 2020:

Executive Directors

Executive directors Eur

Name	Position	Gross fixed remuneration	Gross Variable annual remuneration	Gross variable multiannual (triennium 2017-2019)	Gross retirement Savings Plan	Others	Gross total remuneration
Carlos Gomes da Silva	CEO	980,000	368,900	115,500	245,000	158,333	1,867,733
Thore E. Kristiansen	Executive Director	490,000	184,450	57,750	122,500	106,148	960,848
Carlos Costa Pina	Executive Director	420,000	158,100	49,500	105,000		732,360
Filipe Crisóstomo Silva	Executive Director	420,000	158,100	49,500	105,000		732,600
José Carlos Silva	Executive Director	420,000	158,100	49,500	105,000	158,333	890,933
Sofia Tenreiro	Executive Director	420,000	158,100		105,000		678,860
Susana Quintana-Plaza	Executive Director	420,000	158,100		105,000	82,608	765,708
Total		3,570.000	1,339,370	321,750	892,500	505,422	4,763,197

Non-executive directors

Non-executive directors Eur

Name	Position	Gross fixed remuneration	Gross Variable annual remuneration	Gross variable multiannual (triennium 2017-2019)	Gross retirement Savings Plan	Others	Gross total remuneration
Paula Amorim[1]	Non-executive Chairman	0					0
Miguel Athayde Marques	Non-executive Director	102,000					102,000
Marta Amorim	Non-executive Director	42,000					42,000
Francisco Teixeira Rêgo	Non-executive Director	42,000					42,000
Jorge Seabra de Freitas	Non-executive Director	84,000					84,000
Rui Paulo Gonçalves	Non-executive Director	84,000					84,000
Diogo Tavares	Non-executive Director	84,000					84,000
Luis Todo Bom	Non-executive Director	90,000					90,000
Carlos Pinto	Non-executive Director	84,000					84,000
Edmar de Almeida	Non-executive Director	84,000					84,000
Cristina Fonseca	Non-executive Director	48,000					48,000
Adolfo Mesquita Nunes[2]	Non-executive Director	89,400					89,400
Total		833,400					833,400

[1] The Chairman of the Board of Directors donated the full amount of her remuneration to the Galp Foundation.
[2] The amount indicated includes the correction payment in respect of amounts due for the year 2019.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship or under common control.

The remuneration of Galp directors includes all the remuneration owed in respect of their positions on the board of directors of Galp Group companies. Accordingly, no amounts were paid in this respect by companies in a control or group relationship or under common control.

79. Remuneration paid in the form of profit-sharing and/ or bonus payments and the reasons why bonuses and/or profit-sharing were awarded.

Galp has no other remuneration system for its directors in the form of profit-sharing and/or payments of bonuses.

80. Severance pay paid or owed to former executive directors in respect of the termination of their duties during the financial year.

No severance pay was paid or owed to former executive directors in respect of the termination of their duties during the 2020 financial year.

The remuneration policy makes no provision for an indemnity or severance pay to be awarded to directors for termination of their duties, without prejudice to the laws in force on this matter and, therefore, no director may claim a larger amount of compensation or indemnity than that resulting from the provisions of the law .

The resolutions of the Remuneration Committee are the appropriate and necessary legal instruments for determining the non-claimability of such amounts.

81. Details of the annual remuneration earned, in total and individually, by the members of the Company's supervisory body, for the purposes of Law 28/2009, of 19 June.

The aggregate remuneration paid to the members of the Audit Board in 2020, as per the terms set by the Remuneration Committee, was €144,000.

The individual remuneration amounts paid in 2020 to the current members of the Audit Board were as follows:

Name/Position	Gross fixed remuneration (€)
José Pereira Alves (Chairman)	60,000
Maria de Fátima Geada (Member)	42,000
Pedro Antunes de Almeida (Member)	42,000

82. Details of the remuneration of the Chairman of the General Meeting in the year of reference.

In 2020, the Chairman of the Board of the General Meeting received €3,000 in remuneration.

V. Agreements with implications for remuneration

83. Any established contractual limits on the indemnity payable for the unfair dismissal of directors and its relationship with the variable component of the remuneration.

In accordance with the 2020 remuneration policy, Galp has no agreements in place that provide for payments in the event of the unfair dismissal of a director. The amounts due are determined by the applicable statutory provisions, but no remuneration is paid in respect of the variable component if the cash flow from operations of the Galp Group is below 80% of the annual target.

The 2020 remuneration policy does not envisage any indemnity or severance pay for members of the Board of Directors as a result of their dismissal or the early cessation of a director's term of office, with this being the legal instrument and mechanism to avoid, directly or indirectly, payments to such a director of any amounts beyond those established by law.

84. Reference to the existence and description, with details of the sums involved, of agreements between the Company and the members of the Board of Directors and senior managers, within the meaning of Article 248-B(3) of the Portuguese Securities Code, which make provision for severance pay in the event of resignation, unfair dismissal or termination of employment following a successful takeover bid (Article 245-A(1)(l)).

Galp is not a party to any agreement with the members of the Board of Directors or senior managers, within the meaning of Article 248-B (3) of the Portuguese Securities Code, which provides for severance pay in the event of resignation, unfair dismissal or termination of the employment relationship following a change in the control of the Company.

VI. Share and/or stock option plans

85. Details of the plan and the beneficiaries.

Galp has no stock option plans.

The Remuneration Policy for 2020 establishes a mechanism for partial payment of the variable triennial remuneration through shares of the Company in order to promote the alignment of the Company with the long-term interests of the shareholders.

86. Characteristics of the plan (eligibility, non-transferability of share clauses, criteria for share pricing and exercising the price options, period during which the options may be exercised, characteristics of the shares or options to be awarded and the existence of incentives to purchase shares and/or exercise options).

In terms of eligibility, the plan is only applicable to executive directors appointed during the first year of the three-year plan.

The shares will be received (and can only be transferred) in the end of the three-year plan and after the performance evaluation.

If the director opts for an additional 1 year holding period, he will be entitled to receive plus 10% of Galp´s shares.

The reference price will be determined based on the average daily price of the two months prior to the beginning of the three-year plan.

87. Stock option plans for the Company's employees and staff.

Galp has no share plans or share purchase options.

88. Control mechanisms envisaged for a possible employee-shareholder system since voting rights are not directly exercised by these employees (Article 245-A(1)(e)).

Galp has no share purchase options for workers.

E. Transactions with related parties

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling related-party transactions (to this end, reference is made to the IAS 24 concept).

In order to safeguard the Galp Group's interests in situations involving potential conflicts of interest, Galp has adopted internal rules for controlling transactions between Galp (or its subsidiaries or other companies which are under its management control, i.e. "Galp Group entities") and related parties in order to comply with the relevant accounting standards, in particular IAS 24.
These internal procedures impose the following principles:

(i) any contractual commitment between any Galp Group entities and any related party must be carried out within the current activity of the Galp Group entity concerned and at arm's length;

(ii) the execution by any Galp Group entities and a related party of any relevant transactions (as described below) requires the approval by the Executive Committee or the Board of Directors and the prior opinion of the Audit Board (see Section 91 below for further details about the applicable procedure);

(iii) the execution by any Galp Group entity and a related party of any relevant transactions (as described below) which have a single financial value in excess of €20 million or which are carried out outside the current activity of Galp group entity concerned or under conditions other than normal market conditions requires the prior approval of the Board of Directors, and the Executive Committee must approve transactions with related parties which do not meet these criteria.

(iv) all other transactions with related parties are verified after and periodically by the Supervisory Board.

To this end, relevant transactions include, in particular: (I) financial investments, funding, shareholder's loans, providing guarantees, the acquisition or sale of products and services, as well as the supply of energy products and other similar transactions with a financial value exceeding €10 million (with certain exceptions); (II) the acquisition or disposal of shareholdings or other assets; (III) transactions not carried out in the ordinary course of business of the Galp Group entity concerned or under normal market conditions; and (IV) any other transactions with a high risk of conflict of interest. .

90. Details of transactions that were subject to control during the reference year.

In 2020 there were no related-party transactions subject to the previous control of the Audit Board.

91. Description of the procedures and criteria applicable to the Audit Board when it provides a preliminary assessment of the transactions to be carried out between the Company and the holders of qualifying holdings or entities in any relationship with them, pursuant to Article 20 of the Portuguese Securities Code.

For Galp to engage in transactions with related parties, as defined by IAS 24, it requires the prior opinion of the Audit Board, in accordance with the law and internal regulation entitled "Galp Group Transactions with Related Parties", in order to safeguard the Galp Group's interest in potential conflict-of- interest situations, without prejudice to compliance with the law. This regulation is available at: https://www.galp.com/corp/Portals/0/TC/NT-026-Galp%20Group%20Related%20Parties%20Transactions.pdf

This regulation applies to any transactions between Galp (or any Galp Group entity) and related parties.

The Company Secretary is required to submit the proposal for any relevant related-party transaction to the Audit Board for its prior opinion, together with the supporting information, including, in particular, its financial value, the contractual formation procedures that

are to be adopted and a demonstration that the transaction conditions are in line with the current activity of the Galp Group entity concerned and normal market conditions, and, in the case of transactions that are not carried out in the ordinary course of business of the Galp Group entity concerned and/or that are not carried out under normal market conditions, this must be stated and grounds must be included as to the fair and reasonable nature of the transaction from the point of view of the Company and the unrelated shareholders, including minority shareholders.

The Audit Board must issue a prior opinion within five business days.

In urgent and unusual cases, approved in advance and duly justified in accordance with the applicable approval rules, when it is not feasible or possible to obtain the favourable prior opinion of the Audit Board without a significant loss of value in the relevant transaction for the Galp Group, the opinion must be requested immediately afterwards, with the exception of transactions not carried out in the current activity of the Galp Group entity concerned or under normal market conditions.

If the Audit Board issues a negative prior opinion, the Board of Directors of the relevant Group Company may decide to go

forward with the transaction, on the grounds that it is in pursuit of the corporate interests of Galp or of the Galp Group entity, such negative opinion should be disclosed, where applicable.

Related-party transactions which are not subject to prior opinion, are communicated to the Audit Board on a six-monthly basis, in order to confirm that they were carried out in the ordinary course of business of the relevant Galp Group entity and under normal market conditions, with the related parties not taking part in the relevant verification.

II. Transaction data

92. Where to find the financial statements, including information on transactions with related parties, in accordance with IAS 24 – or, alternatively, reproduction of this information.

Information on any related-party transactions, in accordance with IAS 24, is available in Note 28 to the Consolidated Accounts.

Corporate governance assessment

I. Identification of the Corporate Governance Code adopted

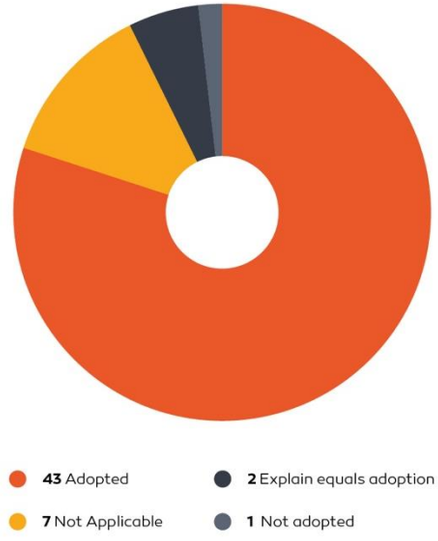
For the purposes of Article 2 of CMVM Regulation No. 4/2013, Galp voluntarily decided to follow the Corporate Governance Code of the Portuguese Institute of Corporate Governance, as approved in 2018 and reviewed in 2020 and available on its website at https://cgov.pt/

II. Analysis of compliance with the adopted Corporate Governance Code

The Company has adopted the vast majority of the applicable recommendations of the PICG Corporate Governance Code.

The justification for the adoption of each recommendation (or sub-recommendation, if split) and the reference to the section or sections of the chapter in this report where the matter is addressed (Section) are given in the table below, including an explanation as to why a certain recommendation was not adopted or is not applicable, as well as an indication of any alternative mechanism selected by the Company to pursue the same objective as the relevant recommendation (*explain* is equivalent to *comply*).

The classifications highlighted below already take into account the assessment conducted by the Oversight and Monitoring Executive Committee of Galp's Governance Report for 2019.



PICG Recommendation	Comply or explain	Relevant section of this report
Chapter I General provisions		
I.1. Company's relationship with investors and disclosure		
I.1.1. The Company should establish mechanisms to properly and thoroughly ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted.	Sections 38, 56 and 59 to 65
I.2. Diversity in the composition and functioning of the company's governing bodies		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted.	Section 19
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.	Adopted.	Sections 22, 23, 27, 29, 34, 35, 61 and 67
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted.	Section 62
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted.	Section 49
I.3. Relationships between the company bodies		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted.	Sections 15 and 38

PICG Recommendation	Comply or explain	Relevant section of this report
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted.	Sections 15,29 and 38
I.4. Conflicts of interest		
I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted.	Sections 26, 38 and 67
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted.	Sections 26, 38 and 67
I.5. Related party transactions		
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted.	Sections 89 and 91
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Not Applicable. [1]	n/a
Chapter II Shareholders and general meetings		
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted[2].	Sections 5 and 12

1 In accordance with paragraph 7) of Note no. 3 on Interpretation of the IPCG Corporate Governance Code
2 The second subrecommendation is not applicable, since Galp complies with the first subrecommendation by adopting the "one share, one vote" principle.

PICG Recommendation	Comply or explain	Relevant section of this report
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Explain, equivalent to adoption. The statutory provisions requiring approval by two-thirds of the votes are not intended to make it more difficult for shareholders to take decisions, nor is this an anti-OPA defence mechanism that harms the market for control (which in Galp is not limited). The purpose is to ensure adequate representation of shareholders, particularly minority shareholders, when approving resolutions on issues of strategic importance to the Company and on fundamental matters of Galp, which characterise its essence, and to avoid the classic problem of agency. This mechanism was therefore created with the main goal of protecting the Company itself, ensuring its stability, as well as the minority shareholders in nuclear matters for Galp and adequate shareholder involvement in corporate governance as an instrument for the efficient operation of the company and the achievement of its corporate purpose, which can be read in the sense that it is intended to ensure a broad involvement and consensus of shareholders on structuring issues. It should also be noted that the application of a quorum for a resolution of two thirds on a second call is only required for issues which, as they are strategic and of the utmost importance to the Company, the law itself requires for resolutions on the same matter on the first notice.	Section 14
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted.	Section 12
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted.	Section 12

PICG Recommendation	Comply or explain	Relevant section of this report
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not applicable. Galp's statutes do not provide for such a limitation.	Section 13
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body	Adopted.	Section 4
Chapter III Non Executive management, monitoring and supervision		
III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Adopted.	Section 18
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	Adopted.[3]	Sections 18 and 31
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted.	Section 18
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or nonconsecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;	Adopted.	Section 18

[3] It should be noted that the part of this recommendation referring to the financial matters committee is not applicable, since the issuer has not adopted the Germanic structure, in accordance with article 278(1)(c) and (4) of the Portuguese Companies Code, and therefore does not have a financial matters committee.

PICG Recommendation	Comply or explain	Relevant section of this report
iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.		
III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Not applicable. There are no directors under these conditions.	
III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Adopted.	Section 38
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Explain the equivalent of adoption. The Company has created several specialized committees to deal with remuneration and performance evaluation of corporate bodies, risk, sustainability, EQS and ethics and conduct. Considering the corporate governance model and Portuguese corporate law, the Audit Board is the internal body responsible for assessing Corporate Governance. This derives from the powers of the Supervisory Board in relation to corporate governance matters and the way in which, in practice, these are developed by this body, with an active and independent conduct. Galp therefore considers that the Audit Board already materially fulfils the functions intended for a corporate governance committee, and that it is responsible for the good practices of monitoring these matters, with the inherent independent critical spirit	Sections 16, 24, 27, 69 and 70

PICG Recommendation	Comply or explain	Relevant section of this report
	and knowledge of the company, necessary for these functions. Given that the material exercise of powers in the area of corporate governance belongs to the Supervisory Board, for reasons of material identity of functions and organisational efficiency, Galp does not have a corporate governance committee. Moreover, the creation of a corporate governance committee would lead to overlapping and competitive powers between the Audit Board and the said committee, which is not desirable and is not compatible with Galp's governance structure.	
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	Explain equivalent to adoption. The appointment of directors is a responsibility attributed by Portuguese corporate law to shareholders. In order to avoid any conflicts of interest or agency problems, the Board of Directors has not appointed any committee to deal with issues related to the appointment of its members or members of other company bodies (such as the members of the Audit Board), without prejudice to the adoption of a diversity policy applicable to members of the management and supervisory bodies which also includes criteria for the personal profile of the members to be proposed. Adopted. The Remuneration Committee, elected under the terms of Article 399 of the Companies Code, is the competent body to carry out the performance evaluation under the terms of the Remuneration Committee Regulations.	

PICG Recommendation	Comply or explain	Relevant section of this report
Chapter IV Executive management		
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted.	Section 26
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted.	Section 29
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	Adopted.	Attachment to the Annual Management Report on Non-financial Reporting
Chapter V Evaluation of performance , remuneration and appointment		
V.1. Annual evaluation of performance		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted.	Section 24
V.2. Remuneration		
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted.	Sections 66 and 67
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted.	Section 66

PICG Recommendation	Comply or explain	Relevant section of this report
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted.	Sections 76 and 83
V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Not Adopted.	
V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted.	Section 67
V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Adopted.	Section 67
V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Adopted.	Sections 69 to 71
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted.	Section 72
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable. Currently, the variable remuneration does not include the granting of options or other instruments that are directly or indirectly dependent on the value of the shares.	Sections 73 and 74
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted.	Section 69

PICG Recommendation	Comply or explain	Relevant section of this report
V.3. Appointments		
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted.	Sections 16 and 19
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	Not applicable. With regard to the appointment of managers, pursuant to Article 248(3)(b) of the Portuguese Securities Code (in line with which this recommendation should read), the only persons who are classified as Galp's managers are the members of the Board of Directors and the Supervisory Board (and who are therefore assessed by the Remuneration Committee). Thus, there are no executive officers in the light of the definition of the Glossary of the Corporate Governance Code of the Portuguese Institute of Corporate Governance.	
V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	Not applicable. Referring to the same committee as set out in recommendation V.4.2, this recommendation is also considered not to apply. In addition, in order to avoid any conflict of interest or agency problems, the The Board of Directors has not appointed any committee to deal with issues related to the appointment of its members or members of other corporate bodies of the Company (such as the members of the Audit Board), and therefore, even if the Recommendation also referred to the committee provided for in Recommendation III.7 would not be applicable either.	

PICG Recommendation	Comply or explain	Relevant section of this report
V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Not applicable. Referring to the same committee as set out in recommendation V.4.2 (as confirmed by paragraph 20) of interpretative note No 3), this recommendation is also considered not applicable.	
Chapter VI Internal control		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted.	Section 51
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body. .	Adopted.	Section 38 and 51
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted.	Section 51, 52 and 54
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted.	Section 38
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted.	Section 38 and 51
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.	Adopted.	Section 51, 52 and 54
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted.	Section 38, 51, 52 and 54

PICG Recommendation	Comply or explain	Relevant section of this report
Chapter VII Financial information		
VII.1. Financial information		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted.	Section 38
VII.2. Statutory audit of accounts and supervision		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted.	Sections 38, 44, 45, 46
VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted.	Section 38
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted.	Section 38

Appendix

Biographies and positions held in other companies by the members of the management and supervisory bodies and the members of the remuneration committee

Board of Directors



Chairman of the Board of Directors | Paula Amorim

Born in Oporto, Paula Amorim has been a member of Galp's Board of Directors since April 2012, Vice-Chairman from 2015 to 2016 and Chairman since October 2016. She is also Chairman of Galp´s Audit Committee since 2019.

Representing the fourth generation of the largest Portuguese family business group, with 150 years of history, Paula Amorim is the Chairman of Amorim Investimentos e Participações, SGPS, SA, which includes in its portfolio Corticeira Amorim, the world's largest cork producer.

As natural successor to the Américo Amorim Group, Paula Amorim is a shareholder in the Group's family holding company, Amorim Holding II, SGPS, S.A. Having joined the Américo Amorim Group in 1992, when she was only 19 years old, and since then has held various management and administration positions.

In 2005, Paula Amorim founded her own company, Amorim Fashion. Five years later she founded the Amorim Luxury Group.

Her experience in the fashion industry were determining factors in making the family group a major investor in Tom Ford International (TFI), where she is a member of the Board of Directors.

In November 2018 she acquired assets of the Herdade da Comporta Fund, marking a new and important step in her strategy of growth and positioning as a Portuguese brand of high international quality in the Hotel, Restaurant and Lifestyle sector - JNcQUOI.

Paula Amorim studied Real Estate Management at the Escola Superior de Atividades Imobiliárias.

Positions held at other companies as at December 31, 2020:

Company	Position
In the Américo Amorim Group	
Portugal	
Amorim Holding II, SGPS, S.A.	Member of the Board of Directors
Projeto Inverso, SGPS, S.A.	Chairman of the Board of Directors
Amorim Negócios, SGPS, S.A.	Chairman of the Board of Directors
Amorim Investimentos Energéticos, SGPS, S.A.	Chairman of the Board of Directors
Imoeuro, SGPS, S.A.	Chairman of the Board of Directors
GAIVINA – Empreendimentos Turísticos e Imobiliários, S.A.	Vice-Chairman of the Board of Directors

Company	Position
PORTAL DO SOL – Sociedade Imobiliária Amorim, S.A.	Vice-Chairman of the Board of Directors
STOCKPRICE, SGPS, S.A.	Director
Alqueva Verde, S.A.	Chairman of the Board of Directors
AMORIM E ALEGRE - Sociedade Imobiliária, S.A.	Director
Sociedade Agroflorestal do Panasquinho, Lda.	Director
Netherlands	
Amorim Energia, B.V.	Director
Power Oil & Gas Investments, B.V.	Director
USA	
AHFB I, Inc.	Chairman of the Board of Directors
DDM-B HOLDINGS, Inc.	Chairman of the Board of Directors
Amorim/TFI, Inc.	Chairman of the Board of Directors
Tom Ford International, LLC.	Member of the Board of Directors
UK	
Platforme International Limited, Inc.	Member of the Board of Directors
Mozambique	
AGS – Moçambique, S.A.	Chairman of the Board of Directors
In the Amorim Group	
AMORIM – Investimentos e Participações, SGPS, S.A	Chairman of the Board of Directors
In the Amorim Luxury Group	
Amorim Luxury, S.A.	Sole Director
Amorim Fashion, S.A.	Sole Director
Amorim Guedes de Sousa, S.A	Chairman of the Board of Directors
Amorim Five, Lda.	Manager
Amorim Guedes de Sousa II, Lda.	Manager
Amorim Guedes de Sousa III, Lda.	Manager
Amorim Luxury Comporta, S.A.	Sole Director
AP - Amorim Prime, Sociedade de Investimentos, Lda.	Manager
Others	
Fundação Galp	Chairman of the Board of Directors



Vice-Chairman and *Lead Independent Director* | Miguel Athayde Marques

Miguel Athayde Marques was born in Lisbon, Portugal, on 29 April 1955. He has been an independent member of Galp's Board of Directors since November 2012 and Vice-Chairman since October 2016. He also has been Chairman of Galp's Sustainability Committee and member of Galp's Risk Management Committee since 12 April 2019. He is also the Lead Independent Director of Galp's Board of Directors.

He is Vice-Rector of Universidade Católica Portuguesa since October 2016 and Professor at the Faculty of Economics and Management of Católica Lisbon School of Business & Economics, responsible for the areas of Corporate Governance and International Business. He is also a member of the Higher Council of the Portuguese Catholic University.

He is a non-executive independent director of Brisa, Concessão Rodoviária, S.A. since December 2010.

He has held various roles in corporate bodies, such as Chairman of the Supervisory Board of Hugin S.A.S. (Oslo, Norway), Chairman of the Supervisory Board of Caixa BI, S.A. and Member of the Supervisory Committee of Novo Banco, S.A.

Before joining Galp he was executive Chairman of the Board of Directors of Euronext Lisbon S.A. and Interbolsa, S.A., and Executive Director of Euronext N.V. (Amsterdam), between January 2005 and June 2010. During this period, he was non-executive Director of Euronext Amsterdam, Euronext Brussels and Euronext Paris. Between April 2007 and June 2010, he was a member of the Management Committee of the New York Stock Exchange (NYSE Euronext). He was also Executive Director of Caixa Geral de Depósitos, S.A. (between 2000 and 2004) and of Jerónimo Martins, S.A. (between 1996 and 2000). Before that, he was Chairman of the Board of Directors of ICEP, Investimentos, Comércio e Turismo de Portugal between 1992 and 1996.

Miguel Athayde Marques holds a degree, with distinction, in Business Administration and Management from Universidade Católica Portuguesa, in Lisbon, and a Doctorate (Ph.D) in Business Management from the University of Glasgow, School of Financial Studies, United Kingdom.

Positions held at other companies as at December 31, 2020:

Nome da Sociedade	Position
Universidade Católica Portuguesa	Vice-Rector
Universidade Católica Portuguesa, School of Economics and Business	Professor
Universidade Católica Portuguesa	Member of the Higher Council
Brisa, Concessão Rodoviária, S.A.	Non-executive independent director



Vice-Chairman and Chief Executive Officer (CEO) post 5 Feb. 2021 | Andy Brown

Andy Brown was born in United Kingdom, on January 29, 1962. He has been Vice-chairman of Galp's Board of Directors and Chief Executive Officer since February 5, 2021, responsible for corporate services Strategy and Market Intelligence, Investor Relations, People, Legal and Governance and Marketing and Communication.

Andy enjoyed a 35-year international career with Royal Dutch Shell.

In the first half of his career, he worked in The Netherlands, New Zealand, Italy, Brunei and Oman in various engineering, project management and asset management roles in the Upstream business.

In 2000, he moved to the Corporate Centre in London, where he worked and travelled, firstly with the deputy Executive Chairman, and subsequently the Executive Chairman of Shell, as an advisor.

In 2002, Andy was tasked with growing a business in Qatar, moving there in 2004, where he led Shell's country entry, negotiation and delivery of the ground-breaking $18 billion Pearl GTL project. He was also responsible for Shell's shareholding in the Qatargas 4 LNG project.

In 2012, joined the Executive Committee of Shell as the Upstream International Director covering the world outside the Americas, which included not only the exploration and production business, but also the world's largest private Integrated Gas business (LNG and Gas to Liquids).

In 2016, following Shell's acquisition of BG, was appointed as Upstream Director. In this role Andy successfully completed the integration of the BG assets and people into Shell, whilst also turning around the Upstream business performance. In 2019 Andy stepped down from Shell.

During his Shell career, he was known for his energetic and inspirational leadership, passionate not only about improving business performance, but also about the safety, welfare and development of people.

Since stepping down from Shell, Andy has taken on a portfolio of roles including Vice Chairman of SBM, Senior Advisor to McKinsey and Co, Consultant for JMJ and Advisor to ZeroAvia, a hydrogen/fuel cell aviation start up company.

Andy Brown is graduated in Engineering Science from Cambridge University in 1984.

Andy Brown does not hold positions in companies outside Galp´s Group with reference to February 5, 2021.



Vice-Chairman and Chief Executive Officer (CEO) until 5 Feb. 2021 | Carlos Gomes da Silva

Carlos Gomes da Silva was born in Oporto, Portugal, on 25 February 1967. He was a member of Galp's Board of Directors since 2007 and Vice-Chairman of the Boardof Directors and Chief Executive Officer since April 2015 until 5 February 2021. He was responsible for Strategy and Market Intelligence, Investor Relations, People, Legal Affairs and Governance and Marketing and Communication.

He is a professional with 32 years' experience in different industries, in particular in the energy industry. Carlos Gomes da Silva joined Galp/Petrogal early in the 1990s, where he played several management roles, leading the operating areas of Refining, Supply & Trading, Planning & Control and Strategy.

From 2001, and for a period of six years, he worked in the beverages industry (at Unicer, a Carlsberg group company) as Head of M&A and Strategy, and subsequently as Executive Director (Chief Operating Officer). On his return to the energy industry in 2007 he was appointed member of the Board of Directors of Galp, having performed several executive director roles, namely in marketing of oil, gas & power, trading of oil & gas and corporate divisions.

Carlos Gomes da Silva holds a Degree in Electrical Engineering and Computer Science from the School of Engineering of the Porto University and an MBA from ESADE/IEP (Barcelona).

Positions held at other companies as at December 31, 2020:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Chairman of the Board
AEM – Association of Companies Issuing Listed Securities	Chairman of the Board
Fundação Galp	Member of the Board of Directors
EPIS – Association of Entrepreneurs for Social Inclusion	Vice-Chairman



Director (CFO) | Filipe Crisóstomo Silva

Filipe Crisóstomo Silva was born in Lisbon, Portugal, on 4 July 1964. He has been a member of the Board of Directors and Chief Financial Officer (CFO) of Galp since July 2012.He has been also responsible for IT and Digital since April 2019.

Since 1999 and before joining Galp, he was responsible for the investment banking areas of Deutsche Bank in Portugal, and since 2008, has also been the CEO of Deutsche Bank in Portugal.

Filipe Crisóstomo Silva is a graduate in economics and financial management and holds a Masters' Degree in Financial Management, both from the Catholic University of America, Washington D.C.

Positions held at other companies as at December 31, 2020:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Member of the Board of Directors
Fundação GALP	Member of the Board of Directors



Director (COO) | Thore E. Kristiansen

Thore E. Kristiansen was born in Stavanger, Norway, on 4 July 1961. He has been an member of Galp's Board of Directors and Executive Committee since October 2014, responsible for Galp's Upstream business.

He was senior Vice-Chairman for South America at Statoil for Development & Production in S. America and was the CEO of Statoil Brazil from January 2013 until he joined Galp. He has been with Statoil for more than 25 years, with responsibility for the distribution of oil products, trading and business negotiation in Norway, the UK, Denmark and Germany, as well as in the areas of exploration and production, with a special focus on Norway, Sub-Saharan Africa and South America, and also corporate functions, particularly in finance, , Vice President and Head of Corporate M&A and Investor Relations (Head of US Investor Relations). He was also the CEO of Statoil Germany and Statoil Venezuela.

Thore E. Kristiansen holds a degree in Management from the Norwegian School of Management and a Master's Science degree in Petroleum Engineering from the University of Stavanger, Norway.

Positions held at other companies as at December 31, 2020:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Member of the Scientific and Technological Council

Director (COO) | Carlos Costa Pina



Carlos Costa Pina was born in Lisbon, Portugal, on 14 December 1970. He has been an executive member of Galp's Board of Directors and a member of the Executive Committee since April 2012, responsible for the Corporate Centre areas of Risk Management, which includes Cybersecurity, as well as Environment, Quality, Safety and Sustainability, and also for the Regulated Infrastructure area since April 2019.

He was Secretary of State for Treasury and Finance in the Portuguese Government (2005-2011) and, therefore, had roles at several international financial institutions. He has also been a director at CMVM (the Portuguese Securities Market Regulator) (2000-2005), a member of the Advisory Board of the Insurance Institute of Portugal (2001-2005) and a lawyer with legal practice, particularly in oil exploration and production, finance and tax law. He was also a lecturer at the Lisbon Law School, where he is studying for his doctorate. He also held positions in technology, media and telecommunications, as well as real estate and services companies, also including in its more than 10 years' experience of responsibility in information systems.

Carlos Costa Pina is the author of numerous published works and holds a degree in Law and a Master's Degree in Legal and Business Science from the School of Law, University of Lisbon.

Positions held at other companies as at December 31, 2020:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Chairman of the Scientific and Technological Council
BCSD Portugal – Business Council for Sustainable Development	Vice-Chairman of the Board
Apquímica – Associação Portuguesa da Química, Petroquímica E Refinação	Member of the Board of Directors
Fundação Portugal – África	Member of the Board of Directors
IPCG – Portuguese Institute of Corporate Governance	Member of the General Council
EGP Porto Business School	Member of the General Council
EPRA – European Petroleum Industry Association (FuelsEurope e Concawe)	Director
Fundação de Casa da Música	Member of the Board of Founders
IDEFF – Instituto de Direito Económico, Financeiro e Fiscal	Member of the Audit Board
Fundação Res Publica	Chairman of the Board of Auditors
APDC – Associação Portuguesa para o Desenvolvimento das Comunicações	Member of the Advisory Board
CCPM – Câmara de Comércio Portugal-Moçambique	Vice-Chairman of the Board
Câmara de Comércio e Indústria Portugal-Costa do Marfim	Member of the Strategic Council

Director (COO) | José Carlos Silva



José Carlos Silva was born in Oporto, Portugal, on 5 January 1963. He has been a member of Galp's Board of Directors since November 2012 and a member of the Executive Committee since December 2012. As Chief Operating Officer (COO) is responsible for the Midstream business unit and for the corporate services of Engineering and Project Management, Procurement and Contracting and Assets Management.

With over three decades of experience in Procurement, Supply Chain and Project Management, he held several leadership roles at the Company, namely as Chief Corporate Officer in the 2012-2014 period as a member of the Executive Committee. His professional experience also includes working in the automotive and hospitality industries.

José Carlos Silva holds a degree in Chemical Engineering from the Porto Instituto Superior de Engenharia and specialized training in Quality Management, Information Systems and Innovation.

Positions held at other companies as at December 31, 2020:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Member of the Scientific and Technological Council

Director (COO) | Sofia Tenreiro



Sofia Fernandes Cruz Tenreiro was born on 2 May 1975. She has been a member of Galp's Board of Directors and Executive Committee since 12 April 2019, responsible for Galp's Commercial business unit in all countries where Galp operates.

In January 2015, she took up the position of General Manager of CISCO Portugal until April 2019. Between July 2012 and January 2015, she held the position of Consumer Channel Group Lead (CCG Lead) at Microsoft, being responsible for the Consumer and SME Business Unit. She has previously held the position of Retail Sales & Marketing Lead (RSM Lead) also at Microsoft from March 2007 to June 2012. From January 2005 to February 2007, she was the Editorial Marketing and Sales Business Units Lead at Público newspaper. She was the Marketing Manager of the Strategic Marketing Business Unit at Optimus between March 2003 and December 2004. At L'Oréal Spain, she held various positions from September 2001 to February 2003. Prior to that, Sofia started her career at Procter & Gamble, where she held local and global marketing positions across Portugal, Spain and Switzerland.

She holds a degree in Business Administration from Universidade Católica Portuguesa.

Positions held at other companies as at December 31, 2020:

Company	Position
Apetro – Associação Portuguesa de Empresas Petrolíferas	Chairman of the Board of Directors



Director (COO) | Susana Quintana-Plaza

Susana Quintana-Plaza was born on January 8th, 1974, in Spain. She has been a member of Galp's Board of Directors and Executive Committee since April 12th, 2019, being responsible for Renewables, New Business and Innovation.

She began her career as a Engineer in 1998 at the Boeing Commercial Airplane Group in Seattle. During her time at Boeing, she held several roles from helping airplanes setup operations, to leading marketing roles for the777 and 747. She left Boeing in 2014 to pursue an MBA at Harvard Business School. After her MBA Susana worked as a consultant for Booz Allan Hamilton in London with a strong focus on the energy practice, before moving to GE renewables business for one year and later on to E.ON SE in Dusseldorf. At E.ON she started as a senior strategy and business development manager for E.ON Climate & Renewables. In 2011, she became Vice-President of Technology Scouting. where she set up one of the first corporate venture capital activities in the electricity space in Europe, investing in many successful cleantech startups in Europe and the US. In 2014, she was promoted to Senior Vice-President of Technology and Innovation responsible for all innovation and venture capital activities of the E.ON Group, including, the setup of the batteries team, smart grid solutions, decentralized energy digital platform, introduction of design thinking methodologies, etc.. At the end of 2016, she left E.ON to become a partner at Partner at next47 (Siemens' CVC organization), before joining Galp in 2019. Susana Quintana-Plaza holds a Bachelor and a Master's Degree in Aeronautical Engineering from the University of Washington. She also holds a Master's Degree in Business Administration from Harvard Business School.

Positions held at other companies as at December 31, 2020:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Member of the Scientific and Technological Council

Director | Marta Amorim



Marta Amorim was born in Espinho, Portugal, on 29 April 1972. She has been a non-executive member of Galp's Board of Directors since October 2016.

Marta Amorim currently serves as Vice-Chairman of the Américo Amorim Group and is a member of the Board of Directors of Amorim Energia B.V.

Marta Amorim holds a degree in Business Administration and Management from Universidade Católica Portuguesa and has several years of experience in the banking sector, namely at Banco Nacional de Crédito (currently named Banco Santander Totta, S.A).

Positions held at other entities as at December 31, 2020:

Company	Position
No Grupo Américo Amorim	
Portugal	
Amorim Holding II, SGPS, S.A.	Chairman of the Board of Directors
Amorim Holding Financeira, SGPS, S.A.	Chairman of the Board of Directors
Solfim SGPS, S.A.	Chairman of the Board of Directors
Projeto Inverso, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios, SGPS, Sa	Vice-Chairman of the Board of Directors
Amorim Investimentos Energéticos, SGPS, S.A.	Vice-Chairman of the Board of Directors
Amorimfix Investimentos, S.A.	Chairman of the Board of Directors
Dreaming Fix, S.A	Manager
Imoeuro, SGPS, SA	Vice-Chairman of the Board of Directors
Financimgest – Sociedade de Consultoria de Gestão de Créditos, S.A.	Chairman of the Board of Directors
Great Prime, SA	Member of Liquidation Committee
Sotomar – Empreendimentos Industriais e Imobiliários, S.A.	Chairman of the Board of Directors
Lusares – Sociedade Imobiliária, S.A.	Director
Portal Do Sol – Sociedade Imobiliária Amorim, S.A.	Chairman of the Board of Directors
Gaivina – Empreendimentos Turísticos e Imobiliários, Sa	Chairman of the Board of Directors
Netherlands	
Amorim Energia, B.V.	Director
Power Oil & Gas Investments, B.V.	Director
Angola Real Estate Investments, B.V.	Director
Topbreach Holding, B.V.	Director
Amorim Financial Sector, B.V.	Director
Amorim Aliança, B.V.	Director
Itacaré, B.V.	Director
Praia do Forte, B.V.	Director
Oil Investments, B.V.	Director
Luxembourg	
Amorim Investments II, S.A.	Director
USA	
Amorim/TFI, Inc.	Director
Brazil	
Banco Luso-Brasileiro, S.A.	Chairman of the Board of Directors
Other	

Company	Position
A.P.I. – Amorim Participações Internacionais, S.A.	Chairman of the Board of Directors
Paisagem do Alqueva, S.A.	Chairman of the Board of Directors
S.S.A. – Sociedade de Serviços Agrícolas, S.A.	Sole Director
Imobis – Empreendimentos Imobiliários Amorim, S.A.	Chairman of the Board of Directors
Mosteiro de Grijó – Empreendimentos Turísticos, S.A.	Chairman of the Board of Directors
Casa Das Heras – Empreendimentos Turísticos, S.A.	Chairman of the Board of Directors
Capítulo Rústico, Lda	Manager

Director | Francisco Teixeira Rêgo



Francisco Teixeira Rêgo was born in Oporto, Portugal, on 9 July 1972. He has been a non-executive member of the Board of Directors since April 2015.

He has been a Director of Amorim Holding II and other companies in the Américo Amorim Group since 2004. From 2002 to 2004, he worked in the Commercial Department of SODESA, S.A., an electricity trading company. From 1997 to 2002, he was at ECOCICLO, an Energy Engineering, Audit and Consulting company.

Francisco Teixeira Rêgo graduated in Mechanical Engineering at the School of Engineering of Porto University and completed an Advanced Postgraduate course in Quantitative Management Methods at the School of Management from Porto University.

Positions held at other companies as at December 31, 2020:

Company	Position
At the Américo Amorim Group	
Amorim Holding II – SGPS, S.A.	Vice-Chairman of the Board of Directors
Amorim Holding Financeira, SGPS, S.A.	Vice-Chairman of the Board of Directors
Solfim, SGPS, S.A.	Vice-Chairman of the Board of Directors
Amorim Negócios – SGPS, S.A.	Director
Projeto Inverso, SGPS, S.A.	Director
Amorim Investimentos Energéticos, SGPS, S.A.	Director
AMOFIX Investimentos, SA	Director
Financimgest – Sociedade de Consultoria e Gestão de Créditos, S.A.	Director
Imoeuro, SGPS, S.A.	Director
Gaivina, Empreendimentos Turísticos e Imobiliários, S.A.	Director
Portal do Sol – Sociedade Imobiliárias Amorim, S.A.	Director
SOTOMAR – Empreendimentos Industriais e Imobiliários, S.A.	Director
SF Plus, S.A.	Chairman of the Board of Directors
AGS – Moçambique, S.A.	Director
Angola Real Estate Investments, B.V.	Director
Topbreach Holding, B.V.	Director
Amorim Financial Sector, B.V.	Director
Amorim Aliança, B.V.	Director
Amorim Energia, B.V.	Director
Itacaré, B.V.	Director
Praia do Forte, B.V.	Director
Oil Investments, B.V.	Director
Amorim Investments II, S.A.	Director
Banco Luso-Brasileiro, S.A.	Alternate of the Chairman of the Board of Directors
Others	
Vintage Prime – SGPS, S.A.	Director
Mercado Prime, SGPS, SA	Director
Mercado Urbano, Gestão Imobiliária, SA	Director

Company	Position
Herdade Aldeia de Cima do Mendro – Soc. Comercial, Agrícola e Turística, Lda.	Manager
Folha da Fonte – Agropecuária, Lda	Manager
Amorim Negócios II, SGPS, S.A.	Director
Luynes – Investimentos, SA	Vice-Chairman
Época Global, SGPS, S.A.	Director
FRGALB – INVESTMENTS, S.A.	Chairman of the Board of Directors
Moreira, Gomes & Costas, S.A.	Chairman of the Board of Directors
Agência de Viagens Sandinense, Lda.	Manager
ANTROP – Associação Nacional de Transportadores Rodoviários de Pesados de Passageiros	Vice-Chairman of the Audit Board

Director | Carlos Pinto



Carlos Pinto was born on 14 April 1978. He has been a non-executive member of Galp's Board of Directors since 12 April 2019.

Since 2017, and until May 8th, 2019, he has held the position of Executive Director at Sonangol, E.P. Held the position of Deputy Coordinator of the Working Group for the Revision of Petroleum Legislation in Angola, in 2017. He was Legal Advisor at Total Angola from 2004 to 2014, having held different positions and assignments at Total S.A. in France in 2012 and in 2009 at Total E&P USA. He is a Professor at the Faculty of Law of Universidade Agostinho Neto since 2009.

He has been a member of the AIPN, the Association of Petroleum Negotiators, since 2013.

Carlos Pinto holds a degree in Law from the Faculty of Law of the University of Lisbon, Master's Degree in Business Law by the Faculty of Law of the University of Coimbra and Facutly of Law of Agostinho Neto University and as of 2017 is doing a Doctorate in Law at the Law Faculty of the New University of Lisbon and the Faculty of Law of Agostinho Neto University.

Positions held at other companies as at December 31, 2020:

Entity	Position
Faculdade de Direito da Universidade Agostinho Neto	Assistant Professor

Director | Luís Todo Bom



Luís Todo Bom was born in Luanda, Angola, on 1 May 1948. He has been an independent non-executive member of Galp's Board of Directors since November 2012. He also has beenChaiman of Galp´s Risk Management Committee and a member of Galp´s Audit Committee since 12 April 2019.

He is non- executive director of Onyria SGPS and of Onyria Internacional (Onyria group)

He is a guest professor at ISCTE Executive Education and was a guest associate professor at ISCTE between 1982 and March 2017.

Before joining Galp, he was non-executive director of Taguspark between 2010 and 2012, non-executive Director of Chamartín Imobiliária, SGPS, S.A. between 2007 and 2009, non-executive director of Companhia de Seguros Sagres, S.A., between 2003 and 2009, non-executive director of Portugal Telecom International, Portugal Telecom Brazil and Semapa, SGOS, between 2003 and 2006 and non-executive director of Amorim Imobiliária, SGPS, S.A., between 2002 and 2007. He was Chairman of the Board of AITECOEIRAS between 2008 and 2012 and a member of the MRG Group's Strategy Board between 2009 and 2012. He was Inspector-General and Chairman of the Advisory Board of the Portugal Telecom group and also a non-executive director of Inotec Angola – Ambiente, Energia e Comunicações, S.A.

Luís Todo Bom has a degree in Chemical-Industrial Engineering from the Instituto Superior Técnico and an MBA from the Universidade Nova de Lisboa/Wharton School of Pennsylvania. He attended the Stanford Executive Programme and the Executive Programme on Strategy and Organisation at Stanford University. He also attended the Doctor of Business Administration (DBA) Programme at the University of Cranfield and ISCTE.

Positions held at other companies as at December 31, 2020:

Entity	Position
Terfran – Investimentos e Serviços, Lda.	Managing-Partner
Angopartners Investments Consulting, Lda.	Managing-Partner
Belgrove – investimentos imobiliários, lda	Managing-Partner
Onyria SGPS e da Onyria Internacional, S.A. (grupo Onyria)	Non-Executive Director
ISCTE Executive Education	Guest professor

Director | Jorge Seabra de Freitas



Jorge Seabra de Freitas was born in Oporto, Portugal on 27 February 1960. He has been a non-executive member of Galp's Board of Directors since November 2012. He is also a member of Galp´s Audit Committee since 12 April 2019.

He is director of Amorim Holding II since August 2011 and he was Chairman of the Board of Directors of Coelima Indústrias Têxteis, S.A., between January 1992 and May 2011.

Jorge Seabra de Freitas holds a degree in Economics from the Porto School of Economics. He attended the International Executive and Competitive Strategy Programme, both from INSEAD.

Positions held at other companies as at December 31, 2020:

Entity	Position
In the Américo Amorim Group	
Amorim Energia, B.V.	Director
Amorim Holding II, SGPS, S.A.	Member of the Board of Directors
Amorim Investimentos Energéticos, SGPS, S.A.	Member of the Board of Directors
Solfim SGPS, S.A	Member of the Board of Directors
Amorim Holding Financeira, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios, SGPS, S.A.	Member of the Board of Directors
Projeto Inverso, SGPS, S.A	Member of the Board of Directors
Financimgest – Sociedade de Consultoria de Gestão de Créditos, S.A.	Member of the Board of Directors
Sotomar – Empreendimentos Industriais e Imobiliários, S.A.	Member of the Board of Directors
Portal do Sol – Sociedade Imobiliária Amorim, S.A.	Member of the Board of Directors
Lusares – Sociedade Imobiliária, S.A.	Member of the Board of Directors
Gestimóvel, S.A.	Chairman of the Board of Directors
CS01, S.A.	Chairman of the Board of Directors
GESFER, S.A.	Chairman of the Board of Directors
TRIOLOGIA, S.A.	Chairman of the Board of Directors
AGS – Moçambique, S.A.	Member of the Board of Directors
Wanzafarms, S.A.	Chairman of the Board of Directors
Thirdway Africa RDC	Director
Angola Real Estate Investments B.V.	Director
Topbreach Holding B.V.	Director
Amorim Financial Sector B.V.	Director
Amorim Aliança B.V.	Director
Power Oil & Gas Investments B.V.	Director
Itacaré, B.V.	Director
Praia do Forte B.V.	Director
Oil Investments B.V.	Director
Amorim Investments II, S.A.	Director
AHFB I, INC.	Director
Amorim/TFI, INC.	Director
Banco Luso-Brasileiro, S.A.	Adviser



Director | Diogo Mendonça Tavares

Diogo Tavares was born in Montijo, Portugal, on 31 October 1945. He was a non-executive member of Galp's Board of Directors between 2006 and 2008. He has been a member of Galp's Board of Directors since April 2012. He has also been a member of Galp´s Sustainability Committee since 12 April 2019.

Before joining Galp, he was Advisor to the Chairman of Amorim Holding II, SGPS, S.A. between 2006 and 2011, and the Director of the same Entity between 2011 and 2013, and also the non- executive director at Galp, S.A. between 2006 and 2008. He was President of UNIRISCO, the first venture capital Entity in Portugal and his other positions included, Vice-Chairman of IAPMEI, Vice-Chairman of the Tourism Institute of Portugal, Director of IFADAP, Chairman of IPE-CAPITAL, Vice-Chairman of ICEP and Chairman of Urbimeta, S.A. Sociedade Imobiliária.

Diogo Tavares holds a degree in Mechanical Engineering from the Instituto Superior Técnico and is a graduate of the Advanced Business Management Programme (IAESE/Harvard Business School).

Positions held at other companies as at December 31, 2020:

Entity	Position
UPK – Gestão de Facilities e Manutenção, S.A	Non-Executive Director



Director | Rui Paulo Gonçalves

Rui Paulo Gonçalves was born in Oporto, Portugal, on 30 May 1967. He has been a non-executive member of Galp's Board of Directors since May 2008. He also has been a member of Galp´s Risk Management Committee since 12 April 2019.

He has been the Director and General Manager of Amorim – Investimentos Energéticos, SGPS, S.A. since December 2007. He is still the Chairman of the Board of the General Shareholders' Meeting of Amorim Holding II, SGPS, S.A.

Before joining Galp, he practised law in Oporto and was Visiting Lecturer at the Portuguese Institute of Administration and Marketing on the degree course and various post-graduate courses between 2004 and 2007. He was legal adviser to the Unicer Group from 2002 and 2007 and, at the same time, the Deputy Director of the legal office of the same group.

Rui Paulo Gonçalves has a post-graduate degree in Management for law graduates from the School of Economic and Business Sciences of Universidade Católica and a Degree in Law from the Law School of the same university.

Positions held at other companies as at December 31, 2020:

Entity	Position
In the Américo Amorim Group	
Amorim Investimentos Energéticos, SGPS, S.A.	Director and General Manager
Amorim Energia, B.V.	Director
Amorim Holding II, SGPS, S.A.	Chairman of the Board of the Annual General Meeting



Director | Edmar de Almeida

Edmar Almeida was born on 18 February 1969. He has been a non-executive member of Galp's Board of Directors since 12 April 2019.

He is Professor of the Instituto de Economia of the Universidade Federal do Rio de Janeiro (UFRJ) and investigator at PUC-Rio's Energy Institute. He has held other roles as Vice-President for Academic Affairs of the International Association for Energy Economics - IAEE between 2008 and 2012, President of the Brazilian Association for Energy Studies - AB3E between 2012 and 2014 and Secretary of the Latin American Association for Energy Economics - ALADEE between 2013 and 2017. Professor Edmar was also a member of the Energy Council of the Commercial Association of Rio de Janeiro - ACRJ, between 2016 and 2017 and Director of Research of the Institute of Economics between 2011 and 2015.

Edmar Almeida holds a Bachelor's Degree in Economics from the Federal University of Minas Gerais (UFMG), a Sciences Master's Degree in Industrial Economics from the Institute of Economics of the Federal University of Rio de Janeiro (UFRJ) and a PhD in Applied Economics from the Institute for Energy Policy and Economics (IEPE) of Grenoble II, France.

Positions held at other companies as at December 31, 2020:

Entity	Position
Institute of Economics of the Federal University of Rio de Janeiro (UFRJ)	Professor
PUC-Rio's Energy Institute – Universidade Católica do Rio de Janeiro	Researcher

Director | Cristina Fonseca



Cristina Fonseca has been a non-executive member of Galp's Board of Directors and member of Galp´s Sustainability Committee since 12 April 2019.

She started her professional career at VEEP in September 2009 and until October 2012 was Co-Founder of the Entity. From January to December 2011 she was Co-Founder at Bouncely. Between 2011 and 2016, as Co-Founder, COO and General Director, she developed the startup TalkDesk.

Currently she is developing several projects, including at EATTASTY since 2016, as an investor and member of the Board, at Attentive, she also acts as investor, advisor and member of the council since 2016. Since 2017, she has participated in DashDash as advisor. Also in 2017, she developed Cleverly as founder and Indico Capital Partners as a Venture Partner.

Cristina Fonseca is also a member of the Singularity University Portugal.

She holds a degree in Computer Engineering and Telecommunications from Universidade Técnica de Lisboa.

Positions held at other companies as at December 31, 2020:

Entity	Position
Indico Capital Partners	Venture Partner
Cleverly	Founder
Singularity University Portugal	Member
Dashdash	Advisor
Attentive	Investor, advisor and member of the Board
Eattasty	Investor and member of the Board



Director | Adolfo Mesquita Nunes

Adolfo Mesquita Nunes was born on 29 November 1977. He has been a non-executive member of Galp's Board of Directors since 12 April 2019 and Chairman of the Ethics and Conduct Committee since November 2019.

He is a Partner at Gama Glória Law Firm. Prior to this he joined the XIX and XX governments as Secretary of State for Tourism between February 2013 and November 2015, having also been member of the Portuguese Parliament from June 2011 to February 2013.

He started as a Trainee Lawyer in September 2000 at the Law Firm Morais Leitão, J. Galvão Teles e Associados. Between April 2005 and June 2011, he was a Senior Associate at Law Firm Morais Leitão, Galvão Teles, Soares da Silva e Associados. Between June of 2002 and August 2003, he held the position of adviser to the councilman of the Municipality of Lisbon Pedro Feist.

He holds a degree in Law from the Faculdade de Direito da Universidade Católica Portuguesa and a Master's Degree in Law and Political Sciences from the Faculdade de Direito da Universidade de Lisboa.

Positions held at other companies as at December 31, 2020:

Entity	Position
Gama Glória Law Firm	Partner

Audit Board



Chairman | José Pereira Alves

José Pereira Alves was born on 29 September 1960. He is Chairman of Galp's Audit Board since 12 April 2019.

He is Chairman of the Audit Board of Sonaegest - Sociedade Gestora de Fundos de Investimento, S.A. since February 2017, member of the Audit Board of GMG - Grupo Manuel Gonçalves, SGPS, S.A. since June 2018, Chairman of the Supervisory Board of The Fladgate Parternship, S.A. since October 2018 and Chairman of the Supervisory Board of NOS, SGPS, S.A. since May 2019.

He is member of the High Council of the Order of Statutory Auditors and was member of the General Council of the Portuguese Institute of Internal Auditors. Throughout his career as an auditor and consultant, he was involved in company projects in several fields, including as the technician responsible for carrying out work on audits at Texaco (Angola), Cabinda Gulf Oil Company (CABGOC) and Electra (Cabo Verde), all in the energy sector. He remained at PwC for 32 years having left it on 30 June 2016. He held the position of Territory Senior Partner (President) from July 1st, 2011 to June 30th, 2015. At PwC he was responsible for more than 22 years for the coordination of auditing and statutory auditing of several groups, namely Amorim, RAR, Salvador Caetano, Nors, Ibersol, TAP, CTT, Semapa and Jerónimo Martins among others.

He holds a degree in Economics from the University of Porto (FEP) and he is Statutory Auditor since 1990.

Positions held at other companies as at December 31, 2020:

Entity	Position
Galp Foundation	Chairman of the Supervisory Board
SFS – Gestão de Fundos, SGOIC, S.A.	Chairman of the Supervisory Board
GMG – Grupo Manuel Gonçalves, SGPS, S.A.	Member of the Supervisory Board
The Fladgate Partnership, S.A.	Chairman of the Supervisory Board
NOS, SGPS, S.A.	Chairman of the Audit Board
Order of Statutory Auditors	Member of the Higher Council
The Portuguese Institute of Internal Auditors	Member of the General Council



Member | Maria de Fátima Geada

Maria Fátima Castanheira Cortês Damásio Geada was born on 2 November 2960. She is a member of Galp's Audit Board since April 2019.

She also holds the position of Chairman of the Board of Directors of the Instituto Português de Auditoria Interna, Internal Audit Director of the TAP Group and is a member of the IIA Global Council.

She was appointed Chairman of the Supervisory Board of Cateringpor between 1997 and 2019, member of the Supervisory Board of PGA-Portugália Airlines and advisor to the Chairman of the Supervisory Board of LFP Portugal in 2017. She also held the position of member of the Assembly of Representatives of the Order of Economists. She is also director of the Internal Audit Office of TAP Portugal. In 2014, she was a member of the Strategic Council of ISCAC – Coimbra Business School. Between 1993 and 1996 she served as Deputy Director General of the Maintenance and Engineering Department of TAP Air Portugal and between 1994 and 2003 she was Administrator of an Integrated Health Care Company. She is a University Professor, having held, throughout her career of more than thirty years as a teacher, the positions of Director of the Management Course, of the Accounting and Auditing Course and of President of the Scientific Council and Pedagogical Council, she taught as an Associate Professor at the Universidade Lusíada de Lisboa in the Business Management Course while also acting as Coordinator/Professor of the Financial Management Curricular Unit and Coordinator of the Post-Graduation in Audit, Risk and Cyber-security of IDEFE and Director of the MBA Lisboa Atlântico - UAL

She holds a degree in Economics from ISEG, a Master's Degree in Quantitative Methods applied to Economics and Business Management and a PhD in Economics "Keynesianos versus Monetaristas" from Universidade Técnica of Lisbon. She has a Postgraduate Degree in Auditing. Certified by IIA – EUA CRMA in Certified Risk Management Assurance.

Positions held at other companies as at December 31, 2020:

Nome da Sociedade	Position
Galp Foundation	Member of the Audit Board
Portuguese Institute of Internal Audit	Chairman of the Board
TAP Portugal	Internal Audit Director
ISCAC	Member of the Strategic Council



Member | Pedro Antunes de Almeida

Pedro Antunes de Almeida was born in Lisbon, Portugal, on 31 December 1949. He has been member of Galp's Audit Board since November 2012.

From 2006 to 2015, Pedro Antunes de Almeida was Consultant for Economic and Business Affairs to the President of the Portuguese Republic.

As an independent business consultant in the tourism industry, he was Chairman of the Board of Directors of ICEP, Chairman of the Executive Committee of ENATUR – Pousadas de Portugal, Secretary of State for Tourism (XV Government) and Ambassador of Portugal to the World Tourism Organisation. Between 2011 and 2012, he was Secretary of the Board of Galp's Annual General Meeting.

Pedro Antunes de Almeida has a degree in Economics and Sociology from Universidade Nova de Lisboa, with a post- graduate qualification in European Economic Studies, from Universidade Católica Portuguesa, a course on Public Relations, Marketing and Publicity, from the Graduate School of Media, Lisbon, and the Course for National Defense Auditors from the National Defense Institute.

Positions held at other companies as at December 31, 2020

Entity	Position
Galp Foundation	Member of the Audit Board
Galp Gás Natural Distribuição, S.A.	Member of the Audit Board
Fidelidade Seguros	Chairman of the Audit Board
Grupo NAU Hotels & Resorts	Non-executive Chairman of the Board of Directors

Alternate | Amável Calhau

Amável Alberto Freixo Calhau was born in Setúbal, Portugal, on 20 November 1946. He has been a Deputy Member of Galp's Audit Board since 5 October 2006.

He is a Statutory Auditor and has been a Managing Partner of Amável Calhau, & Associados, SROC, Lda. since 1981. He was an accountant and auditor for an auditing Entity between 1970 and 1979 and has been an individual Statutory Auditor since 1980.

He has been a Statutory Auditor in dozens of companies in various sectors since 1981, including: from 1991 to 2012, Statutory Auditor for the Portuguese Securities Market Commission Audit Committee; since 2006 to 2014, Statutory Auditor for the Banco de Portugal Audit Committee, and from 2008 to 2012, Statutory Auditor for Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E Audit Committee.

Amável Alberto Freixo Calhau is an accounting expert from the Army Pupils' Military Institute.

Positions held at other companies as at December 31, 2020

Entity	Position
Galp Foundation	Alternate member of the Audit Board
Galp Gás Natural Distribuição, S.A.	Alternate member of the Audit Board
Other Companies	Member of the Audit Board

Remuneration Committee

Chairman | Amorim Energia B.V.

Amorim Energia B.V. holds 276.472.161 shares issued by Galp Energia, SGPS, S.A., corresponding to 33.34% of its share capital and is based in the Netherlands.

Member | Jorge Armindo Carvalho Teixeira

Jorge Armindo de Carvalho Teixeira is the Chairman of the Board of Directors of Amorim Turismo, SGSP, S.A. and its affiliates.

He began his professional career in 1976 as an Assistant Lecturer in the Porto Faculty of Economics, teaching Business Management and International Financial Management until 1992. In 1982, he joined what is now the Amorim Group as Chief Financial Officer and, in 1987, was appointed Vice-Chairman of the Group, a position he held until 2000. In 1997, at the invitation of the Government, he was appointed Chairman of Portucel – Empresa de Celulose e Papel de Portugal, SGPS, S.A. and he also took the chair of all companies in which Portucel, SGPS, S.A. had investments until its privatisation.

Jorge Armindo de Carvalho Teixeira has a degree in Economics from the Faculty of Economics of Universidade do Porto.

Jorge Armindo de Carvalho Teixeira holds 11.054shares issued by Galp Energia, SGPS, S.A. and does not hold any bonds issued by Galp Energia, SGPS, S.A.

Positions held at other companies as at December 31, 2020:

Entity	Position
Amorim – Entertainment e Gaming Internacional, SGPS, S.A.	Member of the Board of Directors (CEO)
Amorim Turismo, SGPS, S.A.	Member of the Board of Directors (CEO)
Eleven – Restauração E Catering, S.A.	Member of the Board of Directors (PCA)
Estoril Sol, SGPS, S.A.	Member of the Board of Directors
SFP - Sociedade Figueira Praia, S.A.	Member of the Board of Directors (PCA)
SPF Online	Member of the Board of Directors
Fundição do Alto da Lixa, S.A.	Member of the Board of Directors (PCA)
Iberpartners – Gestão e Reestruturação de Empresas, S.A.	Member of the Board of Directors (PCA)
Iberpartners Cafés, SGPS, S.A.	Member of the Board of Directors (PCA)
Imofoz, S.A.	Member of the Board of Directors
Mobis Hotéis de Moçambique, S.A.R.L.	Member of the Board of Directors
Newcoffee - Indústria Torrefatora de Cafés, S.A.	Member of the Board of Directors
Fozpatrimónio, S.A.	Member of the Board of Directors
AHP – Associação da Hotelaria de Portugal	Member of the General Committee

Entity	Position
APC – Associação Portuguesa de Casinos	Vice-Chairman
CTP – Confederação do Turismo Português	Vice-Chairman do Conselho Diretivo

Member | Joaquim Alberto Hierro Lopes

Joaquim Alberto Hierro Lopes is a shareholder and managing partner at GED Partners and, at the same time, a member of the Board of Directors of the Management Companies of the Funds GED V España, GED VI, GED Eastern Fund II, GED Sur and Conexo Ventures (CEO) and of the Board of Directors of several GED Fund subsidiaries, including Iconsa Engineering, in Spain and Serlima Services S.A., in Portugal. He is the Chairman of the Board of Directors of ISAG European Business School (Graduate School of Administration and Management).

Before joining Galp, he was an executive director at Norpedip/ PME Capital – Sociedade Portuguesa de Capital de Risco (now Portugal Ventures), Chairman and Board Member of several companies, including FiberSensing, Altitude Software, Payshop, Cabelte, Bluepharma, TV Tel Grande Porto, Fibroplac., and participated in the launch and management of various investment funds. Between 2007 and 2014, he was a member of the Audit Board of Corticeira Amorim SGPS, S.A.

Between 1990 and 2010 he was professor of Financial Mathematics and Management Accounting at ISAG - Instituto Superior de Administração e Gestão.

Joaquim Alberto Hierro Lopes completed a degree in Accounting and Administration at Porto Accounting and Business School, as well as in Mathematics from the Faculty of Sciences of the Universidade do Porto, and he completed a MBA at Porto Business School. He has a Master's Degree in Business Administration, from the Universidade do Porto.

Joaquim Alberto Hierro Lopes holds 10 shares issued by Galp Energia, SGPS, S.A. and does not hold any bonds issued by Galp Energia, SGPS, S.A.

Positions held at other companies as at December 31, 2020:

Entity	Position
GED Partners, SL	Member of the Board of Directors
Capital Promoción Empresarial del Sur, S.A..	Member of the Board of Directors
GED Capital Development, S.A.	Member of the Board of Directors
GED Iberian Private Equity, S.A..	Member of the Board of Directors
Fundos da GED	Member of the Investments Committees
Serlima Services, S.A.	Member of the Board of Directors
ISAG – Instituto Superior de Administração e Gestão.	Chairman of the Governing Board
Fundo GED Eastern Fund II	Member of the Investments Committee
Fundo GED Sur	Chairman of the Investments Committee

Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, including with respect to energy transition, carbon intensity reduction or carbon neutrality. An ambition expresses an outcome desired or intended by Galp, it being specified that the means to be deployed may not depend solely on Galp. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management's expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such those statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Galp to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements may generally be identified by the use of the future or conditional tense or the use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "envision", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp's management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments' performance with those of its competitors. This document also contains non-financial performance indicators, including a carbon intensity indicator for energy products sold by Galp, that measures the amount of greenhouse gas emissions of those products, from their production to their end use, per unit of energy delivered. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchased (scope 2), as well as the emissions associated with the use of products by Galp's costumers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp's website at galp.com.

Galp and its respective representatives, agents, employees or advisers do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this document to reflect any change in events, conditions or circumstances. This document does not constitute investment advice nor forms part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of Galp or any of its subsidiaries or affiliates in any jurisdiction or an inducement to engage in any investment activity in any jurisdiction.

Part III - Consolidated and
Individual Financial Statements 2020

Leading today's energy into our future

galp

Part I
Consolidated financial statements

Consolidated statement of financial position

Galp Energia, SGPS, S.A.

Consolidated statement of financial position as at 31 December 2020 and 31 December 2019

(Amounts stated in million Euros - € m)

Assets	Notes	2020	2019
Non-current assets:			
Tangible assets	5	4,878	5,671
Intangible assets	6	532	577
Goodwill	8	85	85
Right-of-use of assets	7	1,002	1,167
Investments in associates and joint ventures	9	483	870
Deferred tax assets	16	509	367
Other receivables	11	266	259
Other financial assets	12	402	169
Total non-current assets:		8,157	9,167
Current assets:			
Inventories	10	708	1,055
Other financial investments	12	190	174
Trade receivables	11	781	980
Other receivables	11	877	935
Current income tax receivable	16	101	-
Cash and cash equivalents	13	1,678	1,460
Total current assets:		4,335	4,603
Total assets:		12,492	13,770

Consolidated statement of financial position

Equity and Liabilities			
Equity:			
Share capital and share premium		911	911
Reserves		967	1,356
Retained earnings		1,281	2,153
Total equity attributable to shareholders:		3,160	4,420
Non-controlling interests	23	940	1,237
Total equity:		4,100	5,657
Liabilities:			
Non-current liabilities:			
Financial debt	14	3,204	2,616
Lease liabilities	7	923	1,042
Other payables	15	111	121
Post-employment and other employee benefit liabilities	17	381	332
Deferred tax liabilities	16	479	299
Other financial instruments	19	37	5
Provisions	18	1,008	819
Total non-current liabilities:		6,144	5,234
Current liabilities:			
Financial debt	14	539	278
Lease liabilities	7	166	182
Trade payables	15	650	852
Other payables	15	763	1,343
Other financial instruments	19	130	84
Current income tax payable	16	0	141
Total current liabilities:		2,248	2,879
Total liabilities:		8,392	8,113
Total equity and liabilities:		12,492	13,770

The accompanying notes form an integral part of the consolidated statement of financial position and must be read in conjunction.

Consolidated income statement and consolidated statement of comprehensive income

Galp Energia, SGPS, S.A.

Consolidated income statement and consolidated statement of comprehensive income for the years ended 31 December 2020 and 31 December 2019

(Amounts stated in million Euros - € m)

	Notes	2020	2019
Sales	24	10,771	15,962
Services rendered	24	610	608
Other operating income	24	187	368
Financial income	27	53	123
Earnings from associates and joint ventures	9	220	121
Total revenues and income:		11,840	17,182
Cost of sales	25	(8,461)	(12,592)
Supplies and external services	25	(1,473)	(1,650)
Employee costs	26	(356)	(346)
Amortisation, depreciation and impairment losses on fixed assets	25	(1,289)	(979)
Provisions and impairment losses on other receivables	25	(114)	(6)
Other operating costs	25	(156)	(132)
Financial expenses	27	(239)	(197)
Total costs and expenses:		(12,088)	(15,903)
(Loss) Profit before taxes and other contributions:		(248)	1,279
Taxes and SPT	16	(242)	(742)
Energy sector extraordinary contribution	16	(45)	(58)

Consolidated income statement and consolidated statement of comprehensive income

(Amounts stated in million Euros - € m)

	Notes	2020	2019
Consolidated net (loss) income for the year		(535)	479
(Loss)/Income attributable to:			
Galp Energia, SGPS, S.A. Shareholders		(551)	389
Non-controlling interests	23	16	90
Basic and Diluted (loss) Earnings per share (in Euros)		(0.66)	0.47
Consolidated net (loss) income for the year		(535)	479
Items which will not be recycled in the future through net income:			
Remeasurements	17	(10)	(5)
Income taxes related to remeasurements	17	7	7
Items which may be recycled in the future through net income:			
Currency translation adjustments		(471)	11
Hedging reserves	19	16	(20)
Income taxes related to the above items	16	(3)	11
Subtotal of other comprehensive (loss) income		(461)	3
Total Comprehensive (loss) income for the year, attributable to:		(996)	482
Galp Energia, SGPS, S.A. Shareholders		(942)	392
Non-controlling interests		(54)	90

The accompanying notes form an integral part of the condensed consolidated income statement and consolidated statement of comprehensive income.

Consolidated statement of changes in equity

Galp Energia, SGPS, S.A.

Consolidated statement of changes in equity for the years ended 31 December 2020 and 31 December 2019

(Amounts stated in million Euros - € m)

		Share Capital and Share Premium		Reserves						
	Notes	Share Capital	Share Premium	CTR(*)	Hedging Reserves	Other Reserves	Retained earnings	Sub-Total	NCI(**)	Total
As at 1 January 2019		829	82	(186)	6	2,024	1,832	4,587	1,460	6,047
Consolidated net income for the year		-	-	-	-	-	389	389	90	479
Other gains and losses recognised in equity		-	-	17	(16)	-	2	3	-	3
Comprehensive income for the year		-	-	17	(16)	-	391	392	90	482
Dividends distributed		-	-	-	-	-	(559)	(559)	(69)	(628)
Increase/decrease in capital reserves		-	-	-	-	(489)	489	-	(244)	(244)
As at 31 December 2019		829	82	(169)	(10)	1,535	2,153	4,420	1,237	5,657
Balance as at 1 January 2020		829	82	(169)	(10)	1,535	2,153	4,420	1,237	5,657
Consolidated net (loss) income for the year		-	-	-	-	-	(551)	(551)	16	(535)
Other gains and losses recognised in equity		-	-	(401)	13	-	(3)	(391)	(70)	(461)
Comprehensive (loss) for the year		-	-	(401)	13	-	(554)	(942)	(54)	(996)
Dividends distributed	22, 23	-	-	-	-	-	(318)	(318)	(98)	(416)
Decrease in capital reserves		-	-	-	-	-	-	-	(145)	(145)
Balance as at 31 December 2020		829	82	(570)	3	1,535	1,281	3,160	940	4,100

The accompanying notes form an integral part of the condensed consolidated statement of changes in equity and must be read in conjunction.
(*) Currency Translation Reserves
(**) Non-controlling Interests

Consolidated statement of changes in cash flow

Galp Energia, SGPS, S.A.

Consolidated statement of cash flow for the years ended 31 December 2020 and 31 December 2019

(Amounts stated in million Euros - €m)

	Notes	2020	2019
Operating activities:			
Cash received from customers		13,272	18,721
Payments to suppliers		(8,057)	(11,607)
(Payments) relating to tax on oil products ("ISP")		(1,924)	(2,595)
(Payments) relating to VAT		(1,251)	(1,652)
(Payments) relating to royalties, levies, "PIS", "COFINS" and Others		(141)	(189)
(Payments) relating to payroll		(331)	(335)
Other (payments) relating to the operational activity		(215)	(96)
(Payments) of income taxes (income tax, oil income tax, SPT)	16	(417)	(503)
Cash flow from Equalization processes from Brazilian Blocks	2.2	(137)	-
Cash received related to dividends	7	90	146
Cash flow from operating activities [1]		888	1,890
Investing activities:			
Cash received from disposals of tangible and intangible assets		3	51
Payments for the acquisition of tangible and intangible assets		(649)	(1,111)
Cash received in relation to financial investments		180	478
Payments relating to financial investments		(356)	(63)
Cash flow from Equalization processes from Brazilian Blocks	2.2	216	-
Cash received from loans granted		19	287

Consolidated statement of changes in cash flow

(Amounts stated in million Euros - €m)

	Notes	2020	2019
Payments relating to loans granted		(101)	(132)
Cash received from interests and similar income		12	35
Cash flow used in investing activities [2]		(674)	(454)
Financing activities:			
Cash received from loans obtained	14	2,592	1,527
(Payments) related to loans obtained	14	(1,692)	(1,910)
(Payments) from interests and similar costs		(55)	(80)
(Payments) relating to leasing	7	(110)	(99)
(Payments) relating to leasing interests	7	(80)	(90)
Capital/reserves (reduction) and other equity instruments	23	(145)	(244)
Dividends paid	22	(398)	(623)
Other financing receipts		80	-
Cash flow generated (used) in financing activities (3)		190	(1,519)
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		404	(82)
Effects of foreign exchange rate changes in cash and cash equivalents		(160)	8
Cash changes due to changes in the consolidation perimeter		-	1
Cash and cash equivalents at the beginning of the year		1,431	1,504
Cash and cash equivalents at the end of the year	13	1,675	1,431

The accompanying notes form an integral part of the consolidated statement of Cash flow.

Notes to the consolidated financial statements as at 31 December 2020

Galp Energia SGPS, S.A. (the Company) has its Head Office in Lisbon, Portugal and is a listed entity on Euronext Lisbon.

1. Basis of preparation

The consolidated financial statements of Galp Energia SGPS, S.A. and its subsidiaries (collectively referred to herein as Galp or the Galp Group) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through comprehensive income and financial assets at fair value through profit or loss.

The significant accounting policies set out below have been applied consistently to the preparation of the consolidated financial statements for the years presented.

The consolidated financial statements are presented in Euros, and all the values are rounded to the nearest million Euros, except where otherwise indicated. Therefore, the subtotals and totals of the tables presented in these consolidated financial statements and accompanying notes may not equal the sum of the amounts presented, due to rounding.

From 1 January 2020, the subsidiary Petrogal Brasil S.A. changed its functional currency from Brazilian Reais to US Dollars. Due to the significant impact of foreign currency translation movements on Petrogal Brasil's financial statements, the Group concluded that the currency which best reflects the primary economic environment in which Petrogal Brasil operates is the US Dollar. As per IAS 21, a change in functional currency should be accounted for prospectively from the date of the change. For this reason, the opening balance sheet as at 1 January 2020 had been translated from Brazilian Reais into US Dollars using the exchange rate on 1 January 2020.

Impacts of the COVID-19 pandemic

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organization (WHO). Strict social isolation measures have been put in place in several countries, contributing to a significant slowdown in the global economic environment and sharply reducing worldwide demand for oil and its products, including in key markets in which Galp operates such as Portugal and Spain.

As a result of this unpredictable scenario, Galp adopted a set of actions to mitigate the impact of the pandemic on its financial position, including cost and investment reductions and increasing financial liquidity. Galp management believes that the company has adequate resources to continue its operations in the long-term, and therefore the going concern principle has been applied to the preparation of these consolidated financial statements.

Triggered by recent macro events, the Company has performed extensive impairment tests based on the long-term assumptions and Budget approved by the Galp's Board of Directors. Details regarding this assessment is presented in Note 5.

Notes to the consolidated financial statements as at 31 December 2020

Refineries activities

During 2020, namely the first half of the year, a significant reduction in demand for oil products and high inventory levels were observed. Galp therefore reduced the throughputs of its refineries during 2020. As a result, during 2020, raw materials processed decreased -9% from 96.0 mboe in 2019 to 87.1 mboe in 2020. Fixed costs directly linked to idle refinery capacity were not included in the refineries' stock valuation but reflected directly in profit and loss.

Impairment of financial assets measured at amortised cost (Accounts receivable and other debtors)

The impacts of IFRS 9 on Galp's financial position were deemed to be immaterial. A periodical review is performed of the expected credit loss allowances and their impact on the completeness of Galp's financial assets measured at amortised cost. The credit risk was updated to reflect the expected economic and financial impacts of COVID-19.

Liquidity risk and going concern

Despite the economic impact of COVID-19, the Galp Group is expected to meet its financial obligations when they fall due. An analysis of detailed financial risk was carried out as of 31 December 2020 (Note 21).

2. Significant accounting policies, judgments, estimates and changes

2.1. Significant accounting policies, judgments and estimates

Accounting policies

Galp's significant accounting policies are disclosed in the related notes within these consolidated financial statements.

Applying materiality

The consolidated financial statements are the result of the aggregation of a large number of transactions by nature. When they are aggregated, the transactions are presented in classes of similar items. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements, or in the notes thereto. Management makes the specific disclosures required by the IFRS, unless the information is considered immaterial to the economic decision-making of the users of these financial statements or is otherwise not applicable.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company Galp Energia SGPS, S.A. and the entities under its control. Control exists where Galp has effective power over an entity and is exposed to variable returns arising from its involvement with the entity. Where necessary, adjustments are made to

Notes to the consolidated financial statements as at 31 December 2020

bring the financial statements of the subsidiaries in line with the Group's accounting policies. All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition up to the effective date of disposal. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Galp's shareholders.

Translation of foreign currencies

Functional currency

Items included in the financial statements of Galp Group entities are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The presentation currency of the consolidated group is the Euro, that is the functional currency of the parent.

Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities, are recognised in the income statement.

Translation of Group companies

Upon consolidation, the assets and liabilities of non-Euro entities are translated into Euros at the year-end rates of exchange, while their statements of income, other comprehensive income and cash flow are translated at the annual average rates. The resulting translation differences are recognised as currency translation differences within other comprehensive income.

The following exchange differences are recognised in other comprehensive income: (i) Foreign subsidiaries' statements of comprehensive income are translated at the historical average of the year-end exchange rates; (ii) Loans granted by shareholders to subsidiaries in currencies other than the parent's functional currency that have no stipulated repayment terms are treated as net hedges on the investments in these foreign subsidiaries. This means that the foreign exchange differences arising from these loans that have not been eliminated upon consolidation are reclassified in the income statement from shareholders' equity to the line item "Currency translation reserves".

Key accounting estimates and judgments

Inherent in the application of the accounting policies used for the preparation of these consolidated financial statements is the need for Galp's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. The actual amounts could differ from the estimates and assumptions used.

Accounting judgments and estimates that could have a significant impact on the results of the group are described in the Notes to the financial statements alongside the significant accounting policies. Those areas requiring the most significant judgment and the use of estimates when preparing these consolidated financial statements are: (i) Accounting for interests in other entities (Note 9 and 31); (ii) Accounting for oil and natural gas, including the estimate of reserves (Note 5); (iii) Recoverability of the

Notes to the consolidated financial statements as at 31 December 2020

carrying value of assets (Notes 5,6 and 8); (iv) Provisions and contingencies (Note 18); (v) Pensions and other post-employment benefits (Note 17); (vi) Income taxes (Note 16); (vii) Leases (Note 7); (viii) Fair value measurements of financial instruments and (ix) own-use exemptions. Where an estimate carries a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year, this is specifically stated within the respective note.

2.2. Significant changes during the year

Solar energy projects in Spain

On 22 January 2020, Galp signed a Sale and Purchase Agreement (SPA) with the ACS Group for the acquisition of solar photovoltaic projects in Spain comprising c. 2.9 GW, of which 914 MW are in operation. The transaction considers an enterprise value of c. €2.2 bn related to the acquisition, development and construction of the entire portfolio.

During Q2, the SPA was amended to establish new terms and conditions for the acquisition, including setting up a joint venture under which Galp acquires 75.01% and ACS Group maintains a stake of 24.99%, with a Shareholders' Agreement. This investment is a Joint Venture in accordance with IFRS 11 – 'Joint Arrangements' and is accounted for based on the equity method.

Galp paid €325 m at closing for the stake acquisition and previous development costs. The JV currently has €422 m of non-recourse debt related to the operating assets. All further development and construction costs related to the portfolio will be assumed by the joint venture and are intended to be project financed. The agreement signed maintains the development and construction of the planned portfolio to be implemented by Cobra, an affiliate of ACS. Equalization agreements

Following the approval of the Unitisation Agreements (UA) related to the Lula, Atapu and Sépia accumulations, Galp, through its Brazilian subsidiary Petrogal Brasil S.A., and its partners in the BM-S-11, BM-S-11A and BM-S-24 concessions, along with Petrobras for the Transfer of Rights area and Pré-Sal Petróleo S.A. open area, when applicable, agreed on the, following stakes.

Concession | Galp's stake	Unitised area | Galp's stake
BM-S-11 | 10%	Lula | 9.209%
BM-S-11A | 10%	Atapu | 1.703%
BM-S-24 | 20%	Sépia | 2.414%

The equalisation agreements for the above-mentioned UAs were signed on 30 April 2020, based on the tract participation each party holds in the unitised areas, the past capital expenditures incurred by partners for their original interests, and the income received thereunder.

As a result of these agreements, all processes were settled simultaneously during the second quarter of 2020, with Galp having received a net amount of €80 m, which includes €216 m related to past capital expenditure made by Petrogal Brasil, S.A. in Brazil, and by its joint ventures Tupi B.V. and Iara B.V. in the Netherlands, adjusted by €137 m related income received from the concessions.

The BM-S-11A licence holds two additional accumulations, Berbigão and Sururu, which are still subject to unitisation approval.

Notes to the consolidated financial statements as at 31 December 2020

GGND sale

In October, Galp agreed with Allianz Capital Partners, acting on behalf of Allianz Infrastructure Luxembourg II S.A.R.L. and the Allianz European Infrastructure Acquisition Holding S.A.R.L., the sale of 75.01% of Galp Gás Natural Distribuição, S.A. (GGND) for a total consideration of €368m and Galp will remain with a stake of 2.49% in GGND.

The conditions precedent to the conclusion of the Transaction had been met at 31 December 2020. Assets previously recognized as held for sale were derecognized and a gain of €99 m was recognized in the consolidated income statement. The remaining 2.49% interest was classified as an associate in accordance with IAS 28 since Galp still holds significant influence via the nomination of one board member in GGND.

Concentration of refining operations in Sines

In December 2020, Galp has decided to concentrate its core refining activities in Sines, while discontinuing the refining operations in Matosinhos. Galp will continue to supply the regional market by maintaining all key Matosinhos' import, storage and distribution facilities. This decision led to the recognition of an impairment related to the core refining assets related to Matosinhos of €153m (Note 5), as well as the recognition of provisions for dismantling , decommissioning , decontamination and restructuring of €129 m.The provision for impairment does not include the carrying amount of land and Portcogeração of €122 m and it does not take into account, as per IAS 36 requirements, any future cash inflows that would take place when the related assets are disposed of.

Statement of Cash Flow – Incorrect Classification

An incorrect classification in the Consolidated Statement of Cash Flow was identified related to previous periods. Cash flow from investing activities (payments for the acquisition of tangible and intangible assets) were overstated by €39m and €60m relating to the years ending 31 December 2019 and 2018, respectively. Cash flows from operating activities (Other payments relating to operating activities) were consequently understated by the same amounts.

The incorrect classification was related to investments made by the subsidiary Petrogal Brasil as part of the nationalization process (REPETRO legislation). There are no impacts on the Consolidated Statements of Financial Position nor the Consolidated Income Statements. The impact in the Consolidated Statement of Cash Flow was adjusted accordingly in the Consolidated financial statements for the year ended 31 December 2020. There was no restatement of the 2019 Consolidated Statement of Cash Flow based on materiality.

Notes to the consolidated financial statements as at 31 December 2020

Consolidation perimeter – changes

During the year we had the following changes in our consolidation perimeter:

Legal Entity	Country	% Acquired / Sold	Transaction	Consolidation Method	Amount Involved
LGA – Logística Global de Aviação, Lda.	Portugal	60%	Acquisition of Control	Full consolidation	€0.3m
Tagusgás - Propano, S.A.	Portugal	100%	Acquisition of Control	Full consolidation	€3m
Recule Investments, S.L.U.	Spain	100%	Acquisition of Control	Full consolidation	€3k
Fornax Energy, S.L.	Spain	100%	Acquisition of Control	Full consolidation	€5m
Zero – E - Euro Assets, SA	Spain	75.01%	Acquisition of Joint Control	Equity method	€325m
ISDC International Solar Development Corporation, Lda	Portugal	50%	Acquisition of Joint Control	Equity method	€150k
Galpek, Lda	Portugal	50%	Liquidation	Equity method	-
Galp Energia Overseas B.V.	Netherlands	100%	Liquidation	Full consolidation	-
Galp Energia Overseas Block 33 B.V. (including Branch)	Netherlands	100%	Liquidation	Full consolidation	-
Galp Energia Overseas LNG B.V. (including Branch)	Netherlands	100%	Liquidation	Full consolidation	-
Energin – Sociedade de Produção de Electricidade e Calor, S.A	Portugal	35%	Liquidation	Equity method	-
GGND – Galp Gas Natual Distribuição S.A.	Portugal	75.01%	Sale of interest	Equity method	€368m

For further details of Consolidation perimeter and Galp financial interests in entities see note 30.

Notes to the consolidated financial statements as at 31 December 2020

3. Impact of new international financial reporting standards

3.1. New Standards and amendments endorsed by the European Union that were adopted on 1 Jan 2020 and those that will be adopted in futures financial years

The IFRS standards endorsed and published on the Official Journal of the European Union (OJEU) during the year 2020 and enforceable for accounting purposes in 2020 or in subsequent years are presented in the table below:

IFRS/IFRIC Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS9	16/12/2020	01/01/2021	2021	Not applicable
Amendment to IFRS 16 Leases Covid -19 - Related Rent Concessions	09/10/2020	01/06/2020	2020	Applicable without significant impact
Amendments to IFRS 3 Business Combinations	21/04/2020	01/01/2020	2020	Applicable without significant impact
Amendments to IFRS 9, IAS 39 and IFRS7: Interest Rate Benchmark Reform	15/01/2020	01/01/2020	2020	Applicable without significant impact
Amendments to IAS 1 and IAS 8: Definition of Material	29/11/2019	01/01/2020	2020	Applicable without significant impact
Amendments to References to the Conceptual Framework in the IFRS Standards	29/11/2019	01/01/2020	2020	Applicable without significant impact

Notes to the consolidated financial statements as at 31 December 2020

4. Segment information

Operating segments

The Group operates across four different operating segments based on the types of products sold and services rendered: (i) Upstream, (ii) Refining and Midstream; (iii) Commercial and (iv) Renewables and New Businesses.

The Upstream (ex-Exploration and Production) segment represents Galp's presence in the Upstream sector of the oil and gas industry, which involves the management of all activities relating to the exploration, development and production of hydrocarbons, mainly focused on Brazil, Mozambique and Angola.

The Refining and Midstream segment owns refineries in Portugal, and also includes all activities relating to the wholesale marketing of oil products, gas and electricity. This segment also comprises all storage and transportation infrastructure for oil, gas products and the sale of electricity to the grid in Portugal and Spain, for both export and import.

The Commercial segment encompasses the area of retail to final customers of oil, gas and electricity.

The Renewables and New businesses segment represents Galp's presence in the renewable energies industry.

Besides the four operating segments above, the Group classified in the category "Others" the holding company Galp Energia, SGPS, S.A., and companies with activities that differ from the Company's core business, including Tagus Re, S.A. and Galp Energia, S.A., a reinsurance company and a provider of shared services at the corporate level, respectively.

The segment reporting is presented on a replacement cost (RC) basis, which is the earnings measure used by the Chief Operating Decision Maker (in this case the Executive Board) to make decisions regarding the allocation of resources and the assessment of performance. Based on the RC method, the current method of measuring cost of sales under IFRS (the weighted average cost method) is replaced by the crude reference price (i.e. Brent-dated) as at the balance sheet date, as though the cost of sales had been measured at the replacement cost of the inventory sold. We have also disclosed in this note a reconciliation between the results under IFRS and those presented in the segment information.

Notes to the consolidated financial statements as at 31 December 2020

The financial information of the segments identified above, as at 31 December 2020 and 2019, is presented as follows:

Unit: € m

	Consolidated		Upstream		Refining and Midstream		Commercial		Renewables and New businesses		Others		Consolidation adjustments	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sales and services rendered	11,381	16,570	1,768	2,475	4,453	6,185	5,922	8,892	33	25	205	147	(1,000)	(1,155)
Cost of sales	(7,992)	(12,604)	55	(354)	(3,817)	(5,369)	(4,905)	(7,693)	(23)	(19)	-	-	698	830
of which Variation of Production	(149)	(345)	48	(328)	(198)	(16)	-	-	1	-	-	-	-	-
Other revenue & expenses	(1,806)	(1,759)	(646)	(570)	(571)	(587)	(690)	(783)	(19)	(12)	(184)	(134)	302	327
of which Under & Overlifting	(76)	169	(76)	169	-	-	-	-	-	-	-	-	-	-
EBITDA at Replacement Cost	1,582	2,207	1,177	1,552	65	230	328	416	(9)	(6)	21	14	-	2
Amortisation, depreciation and impairment losses on fixed assets	(1,289)	(979)	(706)	(557)	(476)	(320)	(94)	(93)	-	-	(13)	(9)	-	-
Provisions (net)	(106)	(8)	(3)	(1)	(94)	4	1	(11)	(10)	-	-	-	-	-
EBIT at Replacement Cost	187	1,220	468	994	(505)	(87)	234	312	(19)	(6)	8	4	-	2
Earnings from associates and joint ventures	220	121	63	36	161	81	(2)	5	(2)	-	-	-	-	-
Financial results	(186)	(74)	-	-	-	-	-	-	-	-	-	-	-	-
Taxes at Replacement Cost	(373)	(736)	-	-	-	-	-	-	-	-	-	-	-	-
Energy Sector Extraordinary Contribution	(45)	(58)	-	-	(25)	(36)	(9)	(8)	-	-	(10)	(14)	-	-
Consolidated net income at Replacement Cost, of which:	(197)	473	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to non-controlling interests	(16)	(90)	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to shareholders of Galp Energia SGPS SA	(213)	383	-	-	-	-	-	-	-	-	-	-	-	-
Other Information														
Segment Assets [1]														
Financial investments [2]	483	870	329	524	32	281	16	15	104	49	2	1	-	-
Other assets	12,009	12,900	6,223	7,485	2,335	3,082	2,310	2,523	316	43	1,348	980	(524)	(1,212)
Segment Assets	12,492	13,770	6,552	8,008	2,367	3,363	2,326	2,538	420	92	1,350	982	(524)	(1,212)
of which Rights of use of assets	1,002	1,167	606	750	195	194	141	144	-	-	74	79	(15)	-
Investment in Tangible and Intangible Assets	637	1,195	440	982	76	132	95	68	6	-	19	13	-	-

[1] Net amount
[2] Accounted for based on the equity method of accounting

Notes to the consolidated financial statements as at 31 December 2020

The detailed information on sales and services rendered, tangible and intangible assets and investments in associates and joint ventures for each geographical region in which Galp operates is as follows:

Unit: € m

	Sales and services rendered [1]		Tangible and intangible assests		Financial investiments	
	2020	2019	2020	2019	2020	2019
	11,381	16,570	5,494	6,334	483	870
Africa	517	673	1,021	1,168	168	53
Latin America	877	1,437	2,808	3,154	209	528
Europe	9,987	14,460	1,665	2,012	105	290

[1] Net consolidation operation

Commercial and financial transactions between related parties are performed according to the usual market conditions, similarly to the transactions between independent parties.

Notes to the consolidated financial statements as at 31 December 2020

The reconciliation between the Segment Reporting and the Consolidated Income Statement for the year ended 31 December 2020 and 2019 is as follows:

Unit: € m

	2020	2019
Sales and services rendered	11,381	16,570
Cost of sales	(8,461)	(12,592)
Replacement cost adjustments (1)	469	(12)
Cost of sales at Replacement Cost	(7,992)	(12,604)
Other revenue and expenses	(1,806)	(1,759)
Depreciation and amortisation	(1,289)	(979)
Provisions (net)	(106)	(8)
Earnings from associates and joint ventures	220	121
Financial results	(186)	(74)
Profit before taxes and other contributions at Replacement Cost	221	1,267
Replacement Cost adjustments	(469)	12
Profit before taxes and other contributions at IFRS	(248)	1,279
Income tax	(242)	(742)
Income tax on Replacement Cost Adjustment (2)	(131)	6
Energy Sector Extraordinary Contribution	(45)	(58)
Consolidated net income for the period at Replacement Cost	(197)	473
Replacement Cost (1) +(2)	(338)	6
Consolidated net income for the period based on IFRS	(535)	479

Notes to the consolidated financial statements as at 31 December 2020

5. Tangible assets

Accounting policies

Recognition

Tangible assets are stated at cost, less accumulated depreciation and cumulative impairment losses. The acquisition cost includes the purchase amount, plus transport and assembly costs, any decommissioning obligations and financial interest incurred during the construction phase. Tangible work-in-progress assets refer to assets under construction and are stated at cost less cumulative impairment losses.

Major maintenance and repairs

Expenditure on major maintenance or repairs represents the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was depreciated separately is replaced, and it is probable that the future economic benefits associated with the item will flow to the group, the expenditure is capitalised, and the carrying amount of the replaced asset is derecognised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period until the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs, are expensed as they are incurred.

Upstream Tangible Assets

Hydrocarbon exploration costs are accounted for under the successful efforts' method: exploration costs are recognised in income when incurred (i.e. expenditure related to G&G – Geological & Geophysical - and G&A – General & Administrative), except for exploratory drilling costs, which are included in tangible assets (work-in-progress assets) pending determination of proved reserves and are subject to impairment test when triggers are identified. Dry wells are recorded as expenses for the year. At the start of production capitalised costs are depreciated based on the current depreciation policy.

Depreciation

Upstream Tangible Assets

Tangible assets related to hydrocarbon production activities, including related pipelines, mineral rights and future decommissioning costs are in principle depreciated on a unit-of-production basis over the proved developed reserves of the field concerned.

The UoP rate for the depreciation of common facilities considers the expenditure incurred to date, together with the estimated future capital expenditure expected to be incurred in relation to the as-yet undeveloped reserves expected to be processed using these common facilities. Floating platforms (FPSOs) are currently depreciated using the straight-line method, based on the lower of the estimated asset's useful life and the concession period of the field where the platform is deployed.

Notes to the consolidated financial statements as at 31 December 2020

Depreciation rates for Tangible Assets

The average annual depreciation rates used are as follows:

Depreciation rates	2020	2019
Buildings and other constructions	4.4%	4.4%
Machinery and equipment	10.5%	11.2%
Transport equipment	20.3%	20.3%
Tools and utensils	21.1%	16.6%
Administrative equipment	23.7%	27.1%
Reusable containers	13.5%	13.2%
Other tangible assets	7.4%	8.1%

Impairment analysis

Impairment testing is performed as at the date of the financial statements and whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. When performing impairment testing, tangible assets are allocated to the respective cash generating unit (CGU). The recoverable amount of an asset is estimated as part of the CGU to which it belongs, according to the discounted cash flow method. The discount rates are calculated by adjusting the post-tax rate to reflect the specific risk levels of the CGUs.

Refining, Midstream and Commercial segments impairment tests

Tangible and intangible assets related to the Refining, Midstream and Commercial segments are assessed by the Group for impairment at the end of each reporting period, considering internal and external sources of information. In its annual impairment testing of Commercial segment, the Group considers the service station network of each country as a separate CGU, given: (i) the interdependence of the service stations in terms of sustaining the Company's market share, and therefore its results; and (ii) the provision of loyalty programmes and fleet cards at a national level.

The impairment testing carried out by the Group is based on the estimated recoverable amount of the service station network compared to its net book value at the end of each reporting period. The recoverable amount (value in use) determined by the Group corresponds to the present value of the expected future cash flow, which in turn is determined based on the annual budgets and business plans for the service station network, using a post-tax discount rate adjusted for the specific risks of that segment. Impairment testing is also performed on the other assets of the Refining, Midstream and Commercial segment, including refineries and tangible assets associated with logistics and storage activities. The period of the cash flow projection varies as a function of the CGU's average economic useful life.

Upstream segment impairment testing

Impairment on exploration and production assets are recorded when:

- Economically feasible reserves are not found;
- The exploration licence expires and is not expected to be renewed;
- When an acquired area is relinquished or abandoned; and
- When the carrying amount exceed its recoverable amount.

Notes to the consolidated financial statements as at 31 December 2020

Tangible and intangible assets related to the Upstream segment are assessed for impairment by the Group periodically (annually, or quarterly where indications of impairment are identified). The selected CGU will be the project or the individual block, depending on the stage of maturity of the respective investment. The assessment for impairment is carried out in accordance with the expected monetary value (EMV model), comparing the carrying amount of the investment with the present value of the expected future cash flow using a post-tax discount rate adjusted for the risks specific to the asset for which the future cash flow estimates have not been adjusted, calculated considering the estimates of:

- The probable reserves;
- The investment and future operating costs needed to recover the probable reserves;
- The amount of any contingent resources, adjusted to reflect the probability of geological success;
- The investment and future operating costs required to recover the contingent resources;
- The reference price of a barrel of Brent crude;
- The applicable exchange rates;
- The CGU taxation mechanisms;
- The estimated production level and concession period; and
- The asset retirement obligations.

The EMV model considers in its calculation the PoS (the probability of geological success a.k.a. the probability of success), which is a conditional statistical probability (Bayesian probability). This probability is used in geological science as part of a probability matrix based on seismic information and other G&G information. This underlying information takes into account the quantity, quality and certainty of the reserves (data controls). The cash flow projection period is equal to the recovery of the reserves and resources during the concession period, up to the limit of the terms of the respective concession agreements, if applicable.

Galp can carry out impairment testing at any stage of exploration and production, i.e. in the exploration, development and production stages, when facts and circumstances suggest that the carrying amount of an exploration and production asset may exceed its recoverable amount.

In the exploration phase, the CGU depends on the stage at which the investment is made in each project. For example, at an early investment stage, the CGU will be the country-level entity, given that the investment also includes investments in signature bonuses and any generic research performed in the area. Once an overall area is divided into blocks by the relevant country's authorities, Galp will recognise each block as a CGU, down levelling the assessment for the purposes of impairment testing. As there are no reserves at this stage, Galp carries out impairment testing of prospective and contingent resources (1C, 2C and 3C) with a very low PoS.

If proved reserves are booked, the investment moves into the development stage, having already been subject to impairment testing. During the development phase and if required, the impairment analysis also considers the PoS (which is higher than at earlier stages, since there is now an estimate of the commercially viable reserves) and 2P reserves

Notes to the consolidated financial statements as at 31 December 2020

(probable reserves) in order to estimate the future cashflows that are expected to be generated by the block under analysis.

Accounting estimates and judgments

Crude oil and gas reserves

The estimation of oil and gas reserves is an integral part of the decision-making process relating to the exploration and development of Upstream assets. The volume of proved reserves is used to calculate the depreciation of exploration and production assets, in accordance with the units of production method. The volume of proved reserves and of contingent and prospective resources is used to assess the project's recoverable amount. The estimated proved reserves are also used to recognise the annual abandonment costs. The estimated proved reserves are subject to judgment, and to future revision based on newly available information, including information relating to the development activities, drilling or production, exchange rates, prices, contract termination dates and development plans. The impact of any changes to the estimates of reserves are accounted for on a prospective basis. The estimates of oil and gas reserves, and any movements occurring during the year, are described in the Supplementary Information of the Integrated Report, which is not audited.

Useful lives and residual values of tangible assets

The calculation of the assets' residual values and useful lives, as well as the method to be applied, are necessary to determine the depreciation and amortisation to be recognised in the consolidated income statement for each period. These parameters are set based on management's judgment, as well as being in line with the practices adopted by peers in the industry. Changes in assets' economically useful lives are accounted for on a prospective basis.

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
As at 31 December 2020					
Acquisition cost	1,253	10,499	499	1,583	13,833
Impairment	(29)	(159)	(2)	(167)	(356)
Accumulated depreciation and depletion	(770)	(7,385)	(445)	-	(8,599)
Net value	454	2,955	52	1,417	4,878
As at 31 December 2019					
Acquisition cost	1,231	10,120	493	2,005	13,850
Impairment	(29)	(75)	(4)	(109)	(217)
Accumulated depreciation and depletion	(745)	(6,779)	(438)	-	(7,962)
Net value	457	3,267	51	1,896	5,671

Notes to the consolidated financial statements as at 31 December 2020

Movements in tangible assets in 2020 and 2019 are as follows:

Unit: € m

	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
Balance as at 1 January 2019	458	2,614	39	2,221	5,333
Additions	-	99	2	1,131	1,232
Depreciation, depletion and impairment	(24)	(751)	(18)	(17)	(810)
Disposals/Write-offs	(12)	(8)	(0)	(8)	(28)
Transfers	30	1,318	28	(1,376)	-
Currency exchange differences and other adjustments	4	(5)	-	(56)	(56)
Balance as at 31 December 2019	457	3,267	51	1,896	5,671
Balance as at 1 January 2020	457	3,267	51	1,896	5,671
Additions	-	16	2	607	624
Depreciation, depletion and impairment	(27)	(934)	(20)	(129)	(1,111)
Disposals/Write-offs	(1)	(5)	-	(45)	(52)
Transfers	29	756	21	(805)	-
Currency exchange differences and other adjustments	(3)	(143)	(2)	(106)	(255)
Balance as at 31 December 2020	454	2,955	52	1,417	4,878

During the year ended 31 December 2020, the Group made investments in the Upstream segment in relation to projects in Brazil (€342 m), Angola (€32 m) and Mozambique (€55 m). In the refining and midstream segment, investments were made in the amount of €113 m, mainly in relation to industrial investments in refineries, terminals and logistic parks, as well as in the retail business. The amounts mentioned above include the capitalisation of financial charges in the amount of €24 m (Note 27).

Notes to the consolidated financial statements as at 31 December 2020

Upstream segment assets

Details of assets under construction and assets in production for the Upstream segment for the years ended 31 December 2020 and 2019, including Tangible and Intangible Assets, are presented in the table below:

Unit: €m

	Africa		Latin America		Total	
	2020	2019	2020	2019	2020	2019
Exploration and Production Assets	958	1,095	2,802	3,151	3,761	4,247
Assets under construction	462	451	666	1,258	1,128	1,709
Mineral Rights	2	2	-	10	2	12
In exploration	280	335	254	352	533	687
In development	126	71	405	724	531	796
Financial interests	54	43	7	172	62	214
Net Fixed Assets	496	644	2,136	1,894	2,633	2,538
Mineral Rights	18	18	323	342	342	360
In exploration	35	38	68	48	103	86
In development	431	546	1,610	1,488	2,040	2,034
Financial interests	13	42	136	16	148	58

Notes to the consolidated financial statements as at 31 December 2020

Impairment Analysis

Refineries and storage facilities

Impairment testing was carried out for several CGUs, including Refineries and Storage facilities.

As per Note 2.2, Galp has decided to concentrate the refining operations in Sines. As a result, Galp has recorded an impairment related to the industrial facilities of Matosinhos Refinery. The total impact amounted to €153 m.

Service Station Network

Impairment testing and sensitivity analysis were carried out for the service station network in Portugal and Spain. The stress analysis was based on the following fundamental assumptions:

- A negative variation in cash flow by 10%; and
- An increase in the discount rate by 1 p.p..

Based on the impairment test carried out, the expected future benefits of the service station network in Portugal and Spain are higher than the carrying values, and therefore no impairment has been recorded. Based on the sensitivity analysis using the variations in the fundamental assumptions mentioned above, no potential impairment loss was identified in relation to the service station network in Portugal and Spain.

The future cash flow projections at the CGU level have been discounted using an appropriate discount rate that reflects the business unit's specific risks. For details of the discount rate used for the purposes of impairment testing, see Note 8.

Upstream segment assets

Tangible and intangible assets of the Upstream segment were subject to an impairment test and year-end analysis of the sensitivity of the carrying value of the main assets to fluctuations in the Brent price.

The forecast Brent prices considered in the impairment testing were as follows: 2021-2025: $45/bbl, $50/bbl, $55/bbl, $60/bbl and $65/bbl, respectively. For periods from 2025 the forecast Brent price is $60/bbl (Real Terms 2019).

Based on the impairment testing carried out, the expected future benefits from the assets are higher than the carrying value per CGU for the regions in which Galp operates (Angola, Mozambique and Brazil). In Angola, the results from the impairment testing identified an impairment for Block 32 of €18 m, which has been offset by the impairment reversion in Block 14/14k of €18m.

In addition, regarding Exploration and Evaluation assets, and based on the assessment of prospects' potential performed during the year, write-offs of capitalized exploration costs of €102 m had been recorded through income statement, mainly related to Potiguar basin (in Brazil), smaller scale exploration prospects.

The discount rate used in the impairment test reflects the risks specific to the Upstream assets for which the future cash flow estimates have not been adjusted, calculated on a USD basis. For details of the discount rate used for the impairment testing, see Note 8.

Notes to the consolidated financial statements as at 31 December 2020

A sensitivity analysis was carried out to test the impact of the volatility of the Brent price on the value of the main Upstream assets. The sensitivity analysis had been prepared using a $5/bbl decrease in the Forecast Brent approved as Long-term assumption by Galp's Board of Directors. The results from the analysis indicate that no future potential impairment in the geographical areas in which Galp operates. Exception is noted for Block 32 in Angola in which such sensitivity analysis would imply in €62 m impairment loss additionally to what was booked.

6. Intangible assets

Accounting policies

Recognition

Intangible assets are measured at cost, less accumulated amortisation and impairment losses. Intangible Assets are identifiable non-monetary intangible assets, which are only recorded if it is probable that they will result in future economic benefits to the Group, these benefits are controlled by the Group and they can be reliably measured.

Intangible assets include costs incurred for the development of information systems, exclusivity bonuses paid to retailers of Galp products, and land rights, which are amortised over the periods of the respective agreements.

Research and development

Research expenses not related to petroleum exploration and production activities are recognised as expenses for the period. Development expenses are only recognised as intangible assets if the Group has the technical and financial ability to develop the asset, decides to complete the development and starts commercially exploiting or using it, and it is probable that the asset created will generate future economic benefits.

Upstream

Signature bonuses (i.e. Mineral Rights) are ownership rights to explore oil and gas resources and are recognised as intangible assets.

See further details of the recognition policies for Upstream assets in Note 5.

Amortisation

Intangible assets with finite useful lives are amortised on a straight-line basis. The amortisation rates are set in accordance with the terms of the existing contracts, or with the expected use of the intangible assets. Intangible assets recognised in the exploration and production segment, namely signature bonuses, are recorded at their acquisition cost and are amortised on a UoP basis from the date on which production starts.

Impairment

The impairment testing of intangible assets is based on Management's projections of the net present value of the estimated future cash flows. The residual values used are based on the expected lives of the related products, the forecast lifecycle and the cash flow over that period, and on the economically useful lives of the underlying assets.

Notes to the consolidated financial statements as at 31 December 2020

Accounting estimates and judgments

Useful lives and residual values of intangible assets

The calculation of the assets' residual values and useful lives, as well as the amortisation method to be applied, are essential to determine the amortisation recognised in the consolidated income statement for each period. These parameters are set based on the judgment of Management, as well as the practices adopted by peers in the industry.

Impairment of intangible assets

Determining whether impairment of assets has occurred requires a high level of judgment by management, specifically around Identifying and evaluating indicators for impairment or impairment reversal, projection of future cashflows, applicable discount rates, useful lives and residual amounts.

Unit: € m

	Industrial properties and other rights	Intangible assets in progress	Total
As at 31 December 2020			
Acquisiton cost	962	70	1,033
Impairment	(18)	(21)	(39)
Accumulated amortisation	(462)	-	(462)
Net Value	482	49	532
As at 31 December 2019			
Acquisiton cost	998	58	1,055
Impairment	(22)	(23)	(44)
Accumulated amortisation	(433)	-	(433)
Net Value	542	35	577

Notes to the consolidated financial statements as at 31 December 2020

Movements in intangible assets in 2020 and 2019 are as follows:

Unit: € m

	Industrial properties and other rights	Intangible assets in progress	Total
Balance as at 1 January 2019	516	31	547
Additions	1	73	74
Amortisation and impairment	(36)	-	(36)
Write-offs/Disposals	(1)	-	(1)
Transfers	73	(72)	1
Currency exchange differences and other adjustments	(10)	3	(7)
Balance as at 31 December 2019	542	36	577
Balance as at 1 January 2020	542	36	577
Additions	1	38	39
Amortisation and impairment	(28)	-	(28)
Write-offs/Disposals	(1)	-	(1)
Transfers	28	(29)	-
Currency exchange differences and other adjustments	(61)	6	(56)
Balance as at 31 December 2020	482	50	532

Additions to intangible assets occurred essentially in the Refining & Midstream segment in the amount of €14 m and €9m in the Others segment, related to the renewal of core software.

Notes to the consolidated financial statements as at 31 December 2020

7. Leases

Accounting policies

Recognition

The Group recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The types of lease payments included in the measurement of the lease liability are as follows:

- Fixed payments, including in-kind fixed payments;
- Variable lease payments that are pegged to an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to be able to exercise, lease payments over an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for the early termination of a lease, unless the Group is reasonably certain not to terminate it early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Notes to the consolidated financial statements as at 31 December 2020

Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those used for the property and equipment items.

Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of assets and discount rates

The calculation of the assets' residual values, the estimation of the useful lives, and the discount rates used are based on the premises of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

Impairment of Right-of-use Assets

Identifying impairment indicators, estimating future cash flow and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

Notes to the consolidated financial statements as at 31 December 2020

The details of right-of-use assets are as follows:

Unit: € m

	FPSO's[1]	Buildings	Service stations	Time Charter	Other usage rights	Total
As at 31 December 2020						
Acquisition cost	600	90	169	176	212	1,246
Accumulated amortisation	(87)	(10)	(34)	(81)	(33)	(244)
Net Value	513	80	135	94	179	1,002
As at 31 December 2019						
Acquisition cost	655	90	154	189	212	1,300
Accumulated amortisation	(48)	(5)	(18)	(43)	(19)	(133)
Net Value	607	85	136	146	193	1,167

Notes to the consolidated financial statements as at 31 December 2020

Movements in right-of-use assets in 2020 and 2019 are as follows:

Unit: € m

	FPSO's[1]	Buildings	Service stations	Time Charter	Other usage rights	Total
As at 1 January 2019	657	83	118	166	208	1,233
Additions	-	6	49	11	4	69
Amortisation	(48)	(5)	(18)	(43)	(18)	(133)
Write-offs/Disposals	-	-	-	-	-	-
Currency exchange differences and other adjustments	(2)	1	(13)	12	(1)	(3)
Balance as at 31 de dezembro 2019	607	85	136	146	194	1,167
As at 1 January 2019	607	85	136	146	194	1,167
Additions	-	3	24	4	2	33
Amortisation and impairments	(46)	(6)	(18)	(47)	(34)	(150)
Write-offs/Disposals	-	1	1	-	-	2
Currency exchange differences and other adjustments	(48)	(3)	(7)	(9)	18	(49)
Balance as at 31 December 2020	513	80	135	94	180	1,002

[1] Floating, production, storage and offloading unit - floating oil production system, built on a ship structure, with a capacity for oil and natural gas production processing, liquid storage and transfer of oil to tankers.

Notes to the consolidated financial statements as at 31 December 2020

Lease liabilities are as follows:

Unit: € m

	2020	2019
Maturity analysis – contractual undiscounted cash flow	1,709	1,919
Less than one year	180	190
One to five years	545	606
More than five years	984	1,123
Lease liabilities included in the consolidated statement of financial position	1,089	1,223
Current	166	182
Non-current	923	1,042

The amounts recognised in consolidated profit or loss are as follows:

Unit: € m

	Notes	2020	2019
		490	446
Interest on lease liabilities	27	80	90
Expenses related to short term, low value and variable payments of operating leases[1]		410	356

[1] Includes variable payments and short term leases recognised under the heading Transport of goods.

The amounts recognised in the consolidated statement of cash flow are as follows:

Unit: € m

	2020	2019
Financing activities	191	189
Payments relating to leases	110	99
Payments relating to lease interests	80	90

8. Goodwill

Recognition

The differences between the investee's acquisition cost and the fair value of the identifiable assets and liabilities of the acquired entities at the acquisition date, if positive, are recorded within goodwill (when they result from goodwill in Group companies) or included in the line item "Investments in associated companies" (when they result from goodwill in associates). The negative differences are recognised immediately in the income statement.

Impairment

The carrying value of Goodwill is allocated to the respective CGU, and the recoverable amount is also estimated for the CGU, using the value in use methodology. The value in use represents the expected future cash flow from the CGU, discounted at an appropriate discount rate that reflects the risks specific to the CGU.

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	2020	2019
	85	85
Galp Comercialização Portugal, S.A. (incorporated in Petrogal)	51	51
Galp Eswatini (PTY) Limited	19	20
Galpgest - Petrogal Estaciones de Servicio, S.L.U.	6	6
Empresa Nacional de Combustíveis - Enacol, S.A.R.L.	4	4
Galp Moçambique, Lda.	3	4
Tagusgás Propano, S,A.	2	-

During 2020, Galp has acquired the entity Tagusgás Propano, S.A. for which a provisional Goodwill was calculated. Galp will determine the final Goodwill within 12 month from acquisition date as per IFRS 3.

The methods and discount rates used for the valuation models were as follows:

Cash generating unit	Valuation Model	Cash flows	Growth factor	Discount rates 2020	Discount rates 2019
Financial Investments (included in operating segments)	DCF (Discounted Cash Flow)	In accordance with the budget for 2021 and the five year strategic plan	Gordon Model with perpetual growth rate of 2%	R&M [6.2%-6.4%] UP [10.5% USD] COM [5.6%]	R&M [6.2%-6.4%] UP [10.5% USD] COM [5.6%]

R&M – Refining & Midstream | UP – Upstream | COM - Commercial

According to the defined assumptions, as at 31 December 2020 there were no goodwill impairments. A negative variance of 10% in cash flow or an increase in the discount rate by 1 p.p. would not result in an impairment of goodwill as at 31 December 2020.

Notes to the consolidated financial statements as at 31 December 2020

9. Investments in associates and joint ventures

Accounting policies

Joint Arrangements and Associates

Arrangements under which Galp has contractually agreed to share control with another party or parties are deemed to be joint arrangements. These may be joint ventures where the parties have rights to the net assets of the arrangement, or joint operations where the parties have rights to the assets and obligations arising from the liabilities relating to the arrangement. Investments in entities over which Galp has the right to exercise significant influence but has neither control nor joint control, are classified as associates.

Investments in joint ventures and associates are accounted for using the equity method, under which the investment is initially recognised at cost and subsequently adjusted for Galp's share of post-acquisition net results. The investments are also adjusted for the dividends received and for Galp's share of other comprehensive income.

Where necessary, adjustments are made to the financial statements of joint ventures and associates to bring the accounting policies used into line with those of Galp. Galp recognises its assets and liabilities relating to its interests in joint operations, including its share of any assets held jointly and liabilities incurred jointly with other partners.

Information about joint arrangements and associates can be found in Note 29.

As at 31 December 2020 and of 31 December 2019, the net book values of investments in joint ventures and associates were as follows:

Unit: € m

	2020	2019
	483	870
Joint ventures	405	758
Associates	78	112

Notes to the consolidated financial statements as at 31 December 2020

Movements in Joint Ventures are as follows:

Unit: € m

	As at 31 December 2019	Share capital increase/ decrease	Equity Method	Other adjustments	Dividends	Reclassification	As at 31 December 2020
	758	(506)	10	158	(9)	(8)	405
Tupi B.V.	368	(194)	10	(17)	-	-	168
Iara B.V.	114	(171)	(2)	59	-	-	-
Galp Gás Natural Distribuição, S.A.	213	(214)	9	-	-	(8)	-
Zero -E-Euro Assets, S.A.	-	72	(8)	(6)	-	-	58
Coral FLNG, S.A.	41	-	(1)	121	-	-	161
Other joint ventures	22	-	2	2	(9)	-	17

Tupi B.V. and Iara B. V.

During the year, the joint ventures Tupi BV and Iara BV repaid share premium contributions to their shareholders in the amount of €333 m (€177 m and €156 m, respectively) as a result of the sale of equipment to the Upstream operations in Brazil as per REPETRO legislation.

In addition, Galp has sold sold 0.74% and 8.28% of Tupi B.V. and Iara B.V.'s, respectively due to equalization agreements. The consideration received was €80 m (Note 2.2). The book value of the interest sold was €24 m, and a gain of €56 m had been recorded through income statement (Note 27).

GGND

In December a stake of 75,01% in Galp Gas Natural Distribuição (GGND) was sold to Allianz for €368 m. Galp remains with a share of 2,49% in GGND with significant influence, therefore the investment was reclassified from Joint Venture to Associate (Note 2.2).

Zero-E Euro Assets, S.A.

During the year Galp acquired the company Zero E for a total consideration of €325 m (Note 2.2). The preliminary purchase price allocation was performed and the consideration paid was allocated to: (i) Shareholders' loan (€253m) as per Note 12 (ii) Grid access licences (€71 m); (iii) Guarantee of Origin Certificates (€1 m); (iv) Residual goodwill (€18 m) and (v) Deferred Tax Liability (€18). The Grid Access licenses were

Notes to the consolidated financial statements as at 31 December 2020

defined as an asset of indefinite useful life as per IAS 38 since there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Coral FLNG S.A.

For better presentation, a quasi-equity loan to Coral FLNG, S.A. of €121 m was reclassified from other financial assets to investments in joint ventures.

A summary of the financial indicators of the significant joint ventures as at 31 December 2020 is shown below:

Unit: € m

	Tupi B.V.*	Coral FLNG, S.A.*	Zero E Euro Assets
Total non-current assets	2,482	4,266	839
Total current assets	2,995	574	55
Of which cash and cash equivalents	67	131	35
Total assets	5,477	4,840	894
Total non-current liabilities	1,807	4,291	871
Of which debt	-	-	-
Total current liabilities	1,665	-	40
Of which debt	-	-	-
Total liabilities	3,472	4,291	912
Total operating income	800	-	41
Total operating costs	(562)	151	(40)
Of which amortisation, depreciation and impairment losses on fixed assets	-	-	(25)
Operating results	237	151	1
Net financial results	41	(150)	(16)
Profit before taxes	279	1	(15)
Income taxes	37	1	4
Net income for the year	315	1	(11)

* Provisional financial statement as at the closing date used to apply the equity method, converted at the spot and average exchange rates, respectively, for balance sheet and results indicators.

Notes to the consolidated financial statements as at 31 December 2020

Movements in Associates are as follows:

Unit: € m

	As at 31 December 2019	Share capital increase/ decrease	Equity Method	FX differences and other adjustments	Dividends	Reclassification	As at 31 December 2020
	112	50	56	(68)	(80)	8	78
EMPL - Europe Magreb Pipeline, Ltd	40	-	41	(1)	(65)	-	14
Sonangalp - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	8	-	1	(2)	(1)	-	6
Gasoduto Al-Andaluz, S.A.	7	(3)	5	-	(7)	-	3
Tauá Brasil Palma, S.A.	45	-	5	(9)	-	-	42
Galp Gás Natural Distribuição, S.A.	-	-	-	-	-	8	8
Other associates	12	(2)	4	(1)	(7)	-	6

For comparative information on Joint Ventures and Associates, please refer to the consolidated financial statements for the year ended 31 December 2019.

Notes to the consolidated financial statements as at 31 December 2020

10. Inventories

Accounting policies

Inventories, other than Crude Oil held for trading, are stated at the lower of the acquisition cost (in the case of goods and raw and subsidiary materials) or the production cost (in the case of finished and semi-finished products and work in progress) or the inventories' net realisable value. The net realisable value corresponds to the normal selling price less costs to complete production and to sell. Whenever the cost exceeds the net realisable value, the difference is recorded in operating costs as part of the cost of sales. Crude oil held for trading (Crude oil produced and sold, however risks and rewards from the sale had not been transferred to the Buyer) are measured based on the net realisable value.

Unit: € m

	2020	2019
	708	1,055
Raw, subsidiary and consumable materials	272	358
Crude oil	166	167
Other raw materials	67	68
Raw materials in transit	40	123
Finished and semi-finished products	339	537
Goods	111	180
Write-downs	(14)	(20)

Notes to the consolidated financial statements as at 31 December 2020

The changes to write-downs were as follows:

Unit: € m

	Notes	Raw, subsidiary and consumable materials	Finished and semi-finished products	Goods	Total
Write-downs at the beginning of the year		16	1	3	20
Net reductions	25	(2)	(1)	-	(3)
Other adjustments		-	-	(2)	(2)
Write-downs at the end of the year		13	-	1	14

11. Trade and other receivables

Accounting policies

Accounts receivable are initially recorded at the transaction value and subsequently measured at amortised cost, less any impairment losses, recognised as impairment losses on accounts receivable. The amortised cost of these assets does not differ from their nominal value or their fair value. Galp undertakes over- and underlifting activities for its share of crude. Under- and overlifting are common industry practices intended to optimise the allocation of transportation costs between partners. Payments and receipts related to over- and underlifting are made at a subsequent date in barrels of crude, as defined by the applicable production sharing agreement (PSA).

Trade and other receivables are derecognised when the contractual rights to the cash flow expire (i.e. they are collected), when they are transferred (e.g. sold) or when they are impaired.

Accounting estimates and judgments

Impairment of accounts receivable

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Trade receivables were grouped by business segment for the purposes of the assessment of expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the client's credit risk profile. The credit risk analysis is based on the annual default probability, and also takes into account the loss in the event of default. The default probability represents an annual probability of default, reflecting the current and

Notes to the consolidated financial statements as at 31 December 2020

projected information and taking into account macroeconomic factors, whereas the loss in the event of default represents the expected loss when a default occurs.

Accounts receivable are adjusted for Management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

Credit Risk

For Credit Risk purposes, if wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Credit Risk assessment considers the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Wholesale customers' compliance with credit limits is regularly monitored by Management.

Sales to retail customers are required to be settled in cash or using major credit cards, thus mitigating the credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For further credit risk mitigation measures, guarantees and insurance policies for eventual credit defaults are a standard part of Galp's overall risk policy.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Notes to the consolidated financial statements as at 31 December 2020

Trade receivables

Unit: € m

	Notes	2020	2019
		781	980
Trade receivables		926	1,143
Allowance for doubtful amounts		(145)	(163)
Ageing of trade receivables	Exposure to risk	781	980
Not yet due	Low	607	856
Overdue up to 180 days	Medium	127	97
Overdue between 181 days and 365 days	High	13	8
Overdue over 365 days	Very High	34	18

Movements in allowance for doubtful trade receivables			
Allowance at the beginning of the year		163	173
Increase	25	14	13
Decrease	25	(6)	(13)
Utilisation		(26)	(11)
Other adjustments		-	1
Allowance at the end of the year		145	163

Notes to the consolidated financial statements as at 31 December 2020

Other receivables

Unit: € m

	Notes	2020 Current	2020 Non-current	2019 Current	2019 Non-current
		877	266	935	259
State and other Public Entities		28	17	24	28
Other debtors		587	85	623	65
Non-operated oil blocks		77	-	348	-
Underlifting		85	-	190	-
Other receivables		425	85	84	65
Related Parties		1	-	5	-
Contract Assets		183	68	206	68
Sales and services rendered but not yet invoiced		57	-	96	-
Adjustment to tariff deviation - "pass through"		19	-	17	-
Other accrued income		108	68	94	68
Deferred charges		82	96	82	98
Energy sector extraordinary contribution	16	11	35	15	46
Deferred charges for services		3	14	3	21
Other deferred charges		68	46	65	31
Impairment of other receivables		(5)	-	(6)	-

Non-operated oil blocks debt reduction is mainly related to decrease in Petrogal Brasil, S.A. debtors and the increase of Other receivables is mainly related to the sale of GGND in the amount of €368 m.

Current Deferred charges includes €31 m regarding CO_2 licenses and Non-current includes the amount of €45 m related to the post-employment benefits asset (Note 17). CO_2 licenses booked as a deferred

Notes to the consolidated financial statements as at 31 December 2020

charge are not for trading purposes and will be used by Galp in the following year to fulfil environmental obligations.

Other non-current receivables included a €45m judicial deposit in relation to a claim between the BM-S-11 consortium and ANP. The ANP agency stated that the oilfields of Lula and Cernambi, which are within BM-S-11, should be unified for SPT purposes, although the consortium claims otherwise; thus, the judicial deposit represents the difference between the two criteria under discussion.

12. Other financial assets

Accounting policies

For accounting policies regarding Other financial assets, please refer to the disclosure in Note 20.

Unit: € m

		2020		2019	
	Notes	Current	Non-current	Current	Non-current
		190	402	174	169
Financial Assets at fair value through profit & loss	19	149	49	131	9
Financial Assets at fair value through comprehensive income		-	3	-	3
Financial Assets not measured at fair value - Loans and Capital subscription		42	330	43	135
Others		-	21	-	23

Loans and Capital subscription (current) are mainly related to the subscribed and unrealised capital increase undertaken by Winland International Petroleum, S.A.R.L. in Petrogal Brasil, S.A. of €39m. Non- current is mainly related to a shareholder loan to Group Zero E Euro Assets, of €273 m, of which €254m related to the total consideration paid for the joint venture at acquisition date (Note 9).

Notes to the consolidated financial statements as at 31 December 2020

13. Cash and cash equivalents

Accounting policies

The amounts included in cash and cash equivalents correspond to cash values, bank deposits, time deposits and other cash investments with maturities less than three months, and which can be immediately mobilised with a risk of insignificant changes in value.

For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts recorded as loans and overdrafts in the statement of financial position.

Financial resources consist of cash and cash equivalents, marketable securities with original maturities less than three months and undrawn committed credit facilities expiring after more than one year.

For the periods ending 31 December 2020 and 31 December 2019, the details of cash and cash equivalents were as follows:

Unit: € m

	Notes	2020	2019
		1,675	1,431
Cash in banks		1,678	1,460
Bank overdrafts	14	(2)	(29)

Notes to the consolidated financial statements as at 31 December 2020

14. Debt

Accounting policy

Loans are initially recorded at fair value, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost. Interest expense is Financial charges are calculated at the effective interest rate and recorded in the income statement on an accruals basis in accordance with each loan agreement.

Unit: € m

		2020		2019	
	Notes	Current	Non-current	Current	Non-current
		539	3,204	278	2,616
Bank loans		39	801	278	795
Origination fees		-	-	-	-
Loans and commercial paper		37	801	249	795
Bank overdrafts	13	2	-	29	-
Bonds and notes		500	2,404	-	1,822
Origination fees		-	(9)	-	(6)
Bonds		-	1,413	-	828
Notes		500	1,000	-	1,000

The average cost of financial debt for the period under review, including charges for credit lines and overdrafts, amounted to 1.69% (1.84% in 2019).

The fair value of the notes was €1,523 m as at 31 December 2020 and €1,023 m as at 31 December 2019, measured based on observable market variables, and classified at Level 2 of the Fair Value hierarchy (see Fair Value hierarchy in Note 20).

Notes to the consolidated financial statements as at 31 December 2020

Current and non-current loans and bonds, excluding origination fees and bank overdrafts, have the following repayment plan as at 31 December 2020:

Unit: €m

Maturity — Loans

	Total	Current	Non-current
	3,751	537	3,214
2021	537	537	-
2022	557	-	557
2023	870	-	870
2024	683	-	683
2024 onward	1,104	-	1,104

For comparative information, please refer to the consolidated financial statements for the year ended 31 December 2019.

Changes in debt during the period from 31 December 2019 to 31 December 2020 were as follows:

Unit: € m

	Initial balance	Loans obtained	Principal Repayment	Changes in Overdrafts	Foreign exchange rate differences and others	Ending balance
	2,895	2,592	(1,692)	(26)	(24)	3,743
Bank Loans:	1,073	1,492	(1,692)	(26)	(6)	840
Origination fees	-	-	-	-	-	-
Loans and commercial papers	1,044	1,492	(1,692)	-	(6)	837
Bank overdrafts	29	-	-	(26)	-	3
Bonds and Notes:	1,822	1,100	-	-	(18)	2,904
Origination fees	(6)	-	-	-	(3)	(9)
Bonds	828	600	-	-	(15)	1,413
Notes	1,000	500	-	-	-	1,500

Notes to the consolidated financial statements as at 31 December 2020

For comparative information, please refer to the consolidated financial statements for the year ended 31 December 2019.

During the year, the Group issued and repaid €1,490 m under commercial paper programmes.

The bonds obtained during 2020 were as follows:

Unit: € m

Issuance	Due amount	Interest rate	Maturity	Reimbursement
	600			
Obrigações GALP Energia 2020/2025	100	Euribor 6M + spread	March '25	March '25
GALP Energia/2020 - 2023	100	Euribor 6M + spread	May '23	May '23
GALP Energia/2020 - EUR 150.000.000 floating rate notes due 20 April 2025	150	Euribor 6M + spread	April '25	April '25
GALP Energia/2020 - EUR 100.000.000 floating rate notes due September 2022	100	Euribor 6M + spread	September '22	September '22
GALP Energia/2020 - EUR 150.000.000 floating rate notes due 2024	150	Euribor 6M + spread	July '24	July '24

Additionally, during this period, the Group contracted new notes as detailed below:

Unit: €m

Issuance	Due amount	Interest rate	Maturity	Reimbursement
	500			
GALP Energia/2020-EMTN-EUR 500.000.000 fixed rate notes-15 Jan.2026-SR.4	500	Fixed Rate 2.000%	January '26	January '26

Notes to the consolidated financial statements as at 31 December 2020

15. Trade payables and other liabilities

Accounting policy

Trade payables and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually the amortised cost does not differ from the nominal value.

Unit: € m

	2020		2019	
	Current	Non-current	Current	Non-current
Suppliers	650	-	852	-
Other creditors	763	111	1,343	121
State and other public entities	283	-	355	-
Payable VAT	157	-	219	-
"ISP" - Tax on oil products	94	-	100	-
Other taxes	32	-	35	-
Other payables	128	65	477	70
Tangible and intangible assets suppliers	96	65	430	70
Advances on sales	1	-	1	-
Overlifting	-	-	20	-
Other Creditors	30	-	26	-

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	2020		2019	
	Current	Non-current	Current	Non-current
Related parties	-	-	3	-
Other accounts payables	55	5	41	6
Accrued costs	284	29	461	30
External supplies and services	138	-	295	-
Holiday, holiday subsidy and corresponding contributions	38	4	52	4
Other accrued costs	108	25	115	26
Contract liabilities	12	-	6	-
Other deferred income	1	11	-	15

The amounts recorded as trade payables mainly relate to purchases of crude oil, natural gas and goods in transit on those dates.

16. Taxes, deferred income taxes and energy sector extraordinary contribution

Accounting policies

Income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the applicable tax rules in each geographical area in which Galp operates.

Deferred income taxes arise from temporary differences between the accounting and taxable values of the individual consolidated companies and from the realisable tax loss carried forward. The taxable value of the tax loss carried forward is included in deferred tax assets to the extent that these are expected to be utilised against future taxable income. The deferred income taxes are measured according to the current tax rules and the tax rates substantially enacted up to the end of the reporting period.

Notes to the consolidated financial statements as at 31 December 2020

The Group pays taxes on its Upstream activity, which the company classifies as income taxes, namely:

- Petroleum income tax (IRP) in Angola, as regulated under Law 13/04. The rate applicable to the PSA contracts is 50% on the projects' "profit oil". The IRP calculation is in all respects similar to an income tax. Thus, oil companies subject to IRP are not subject to other income taxes in Angola;

- Special Participation Tax (SPT) in Brazil, as regulated under Decree-Law No 2.705 issued by the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis (ANP). SPT is a contribution, due on a quarterly basis, calculated by oil and natural gas concessionaires based on the production from each project. The Special Participation is calculated on the determined income, from which operational costs related to the production of hydrocarbons are deducted. The SPT rate varies between 0% and 40% depending on the project's production level.

Accounting estimates and judgments

Galp is subject to income taxes in the locations in which it operates. Significant judgments and estimates are required to determine the worldwide accrual for income taxes, deferred income tax assets and liabilities, and the provision for uncertain tax positions.

Deferred tax assets

Deferred tax assets are recognised only when there is reasonable assurance that future taxable profits will be available against which the temporary differences can be used, or when there are deferred tax liabilities for which reversal is expected within the same period as that in which the deferred tax assets are reversed. Deferred tax assets are evaluated by Management at the end of each period, taking into account expectations of the Group's future performance (i.e. the Budget Plan), and such assets are only recognised if there is a high expectancy of future recovery.

Estimates regarding uncertain tax positions

As part of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management's judgment is used to assess the possible outcome of such disputes. The most-probable-outcome method is applied when making provisions for uncertain tax positions, and Galp considers the booked provisions to be adequate. Nevertheless, the actual obligation may differ, and depends on the results of litigation and settlements with the relevant authorities.

Notes to the consolidated financial statements as at 31 December 2020

As at 31 December 2020, and 31 December 2019, the current income tax payable is as follows:

Unit: € m

	Assets		Liabilities	
	2020	2019	2020	2019
	101	-	-	(141)
State and other public entities	101	-	-	(141)

The companies of the Galp Gas Natural Distribuição Group (GGND), headquartered in Portugal, in which the Group had an interest equal to or greater than 75%, were taxed in accordance with the Portuguese special regime for the taxation of groups of companies, with the taxable income being determined for Galp Energia, SGPS, S.A. during the year 2020. Accordingly, the amount of corporate income tax advance payments made by Galp Energia SGPS, S.A. (which is responsible to the Portuguese Tax Authorities under the special regime for the taxation of groups of companies) on behalf of GGND Group companies, as well as the amounts related to the payment/receipt of Corporate Income Tax are recognised in the current income tax receivable and/or payable. As at 31 December 2020, Galp has an amount of €3 m to be received from GGND's entities as part of the special regime for the taxation of groups of companies.

The total income tax, IRP and SPT paid during the year 2020 was €417m.

Notes to the consolidated financial statements as at 31 December 2020

Taxes for the year ended 31 December 2020 and 2019 were as follows:

Unit: € m

	2020			2019		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Taxes for the year	182	60	242	615	127	742
Current income tax	(121)	62	(59)	102	30	132
"IRP" - Oil Income Tax	18	(3)	16	22	8	30
"SPT" - Special Participation Tax	285	-	285	491	89	580

As at 31 December 2020, the Extraordinary contributions for the energy sector were as follows:

Unit: € m

	Statement of financial position				Income statement
	Provisions (Note 18)		"CESE II" Deferred Charges (Note 11)		Energy Sector Extraordinary Contribution
	CESE I	CESE II	Current	Non-current	
As at 1 January 2020	(102)	(220)	15	46	-
"CESE I" Increase	(12)	-	-	-	12
"CESE II" Increase	-	(9)	(4)	(11)	24
"Fondo Nacional de Eficiencia Energética (FNEE)"	-	-	-	-	9
31 December 2020	(113)	(229)	11	35	45

The Galp Group operates across various geographies, through locally established legal entities, whose taxable income is calculated based on the legal rates in force in each jurisdiction, varying between 25% in Spain and the Netherlands, 31.5% in Portugal and 34% for companies based in Brazil.

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	2020	2019
Effective tax rate	-105.70%	58.00%
Corporate income tax rate of Galp Energia SGPS, SA	31.50%	31.50%
Application of the equity method	9.90%	-3.00%
"SPT" - Special participation and "IRP" - Tax on Oil Income *	-134.20%	27.90%
Other additions and deductions	-12.90%	1.70%

* The SPT expense recorded through profit or loss is deductible for income tax purpose in Brazil.

During the year ended 31 December 2020, the movements in deferred tax assets and liabilities were as follows:

Unit: € m

	As at 1 January 2020	Impact on the income statement	Impact on equity	Foreign exchange rate changes	As at 31 December 2020
Deferred Taxes – Assets	367	119	2	19	509
Adjustments to tangible and intangible assets	10	62	-	7	79
Retirement benefits and other benefits	96	8	7	-	110
Tax losses carried forward	73	(7)	-	3	69
Regulated revenue	8	(2)	-	-	6
Temporarily non-deductible provisions	110	63	-	6	179
Potential foreign exchange rate differences in Brazil	41	(7)	-	3	37
Others	30	3	(5)	-	28
Deferred Taxes – Liabilities	(299)	(179)	-	(1)	(479)
Adjustments to tangible and intangible assets	(272)	(168)	-	(1)	(441)
Adjustments to tangible and intangible assets fair value	(6)	1	-	-	(5)
Regulated revenue	(14)	2	-	-	(13)
Potential foreign exchange rate differences in Brazil	-	-	-	-	-
Others	(7)	(13)	-	-	(20)

Notes to the consolidated financial statements as at 31 December 2020

Tax losses for which deferred tax assets were recognised were as follows:

Unit: € m

	Tax losses carried forward	Limit year to use	Deferred Tax
Tax losses carried forward			69
The Netherlands	17	2025	4
Spain	122	No limit	31
Brazil	100	No limit	34

In addition to the €122m above, there are still €158m of tax losses carried forward in Spain for which no deferred tax assets have been recognised.

The tax losses carried forward in Brazil and Spain will be recovered through future taxable results that may be expected as a result of Upstream and Commercial activity, respectively.

17. Retirement benefit obligations

Accounting policies

Defined-contribution plans

Galp has a defined-contribution plan funded by a pension fund which is managed by independent entities. Galp's contributions to the defined-contribution plan are charged to the statement of income in the relevant year.

Defined-benefit plans

Galp has a defined-benefit plan that provides the following benefits: pension supplements for retirement, disability and surviving orphans; pre-retirement; early retirement; retirement bonuses; and voluntary social insurance.

The payment of pension supplements for old age and disability, as well as survivors' pensions, is funded by a pension fund managed by independent entities.

Recognition of defined benefit plans

The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees as at the valuation dates, and is based on actuarial assumptions, primarily regarding the discount rates used to determine the present value of benefits and the projected rates of remuneration growth. The discount rates are based on the market yields of Euro denominated high-rated corporate bonds of the euro-zone. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income during the period in which they arise. Past service costs are recognised immediately in the income statement. The surplus of a net defined benefit plan (i.e. asset) is only recognised to the extent that Galp is able to derive future economic benefits, such as refunds from the plan, or reductions in future contributions. Where a plan is unfunded, a liability for the retirement benefit obligation is recognised in the statement of financial position. Costs recognised for retirement benefits are included

Notes to the consolidated financial statements as at 31 December 2020

in employee costs. The net obligation recognised in the statement of financial position is reported within non-current liabilities.

Other retirement benefits

Along with the aforementioned plans, Galp provides additional benefits related to healthcare, life insurance and a minimum defined-benefit plan (for disability and survival).

Accounting estimates and judgments

Demographic and financial assumptions used to calculate the retirement benefit liabilities

Accounting for pensions and other post-retirement benefits requires estimates to be made when measuring the group's pension plan surpluses and deficits. These estimates require assumptions to be made regarding uncertain events, including discount rates, inflation and life expectancy.

Post-employment benefits

Unit: € m

	Notes	2020	2019
Asset under the heading of "Other Receivables"	11	45	30
Liability		(381)	(332)
Net responsibilities		(336)	(301)
Obligations, of which:		(595)	(568)
Past service liability covered by the pension fund		(214)	(237)
Other employee benefit liabilities		(381)	(331)
Assets		259	267

Notes to the consolidated financial statements as at 31 December 2020

Post-employment obligations

Unit: € m

	2020	2019
Past service liability at the end of the current year	595	568
Past service liability at the end of the previous year	568	541
Current service cost	7	6
Interest cost	9	11
Actuarial (gain)/loss	20	35
Benefit payments made by the fund	(23)	(23)
Benefit payments made by the company	(42)	(34)
Changes in the benefit plan	-	2
Cut back - Early retirement	1	2
Cut back - Pre-retirement	37	4
Cut back - Migration to DC	(1)	4
Other changes	20	20

The average maturity of the liabilities under the defined benefit plans is 9.8 years (in 2019: 10.1 years).

As at 31 December 2020, the breakdown of the expected value of future benefit payments for the next four years is as follows:

Unit: € m

Payment expectation by the Group			
	Total	Retirement benefits	Other benefits
	123	88	35
2021	37	28	9
2022	33	24	9
2023	29	20	9
2024	25	16	9

Defined-benefit pension fund

Unit: € m

	Notes	2020	2019
Assets at the end of the current year		259	267
Assets at the end of the previous year		267	247
Net interest	26	4	5
Associates' contribution		-	-
Benefit payments		(23)	(23)
Cut back		-	4
Financial gain/(loss)		11	33

Notes to the consolidated financial statements as at 31 December 2020

Type of assets 2020



The hierarchy of fair value of the assets is mainly Level 1 for Shares and Other Investments, and an even mix of Level 1 and 2 for Bonds and Real Estate. Level 1 includes financial instruments valued based on liquid market quotations, including from Bloomberg. Level 2 includes financial instruments valued based on observable prices in current liquid markets for the same financial instruments supplied by external counterparties, available through Bloomberg.

Unit: € m

	2020	2019
Real return on plan assets (%)	5.75%	15.48%
Real return on plan assets	15	38

The number of participants and beneficiaries of the Petrogal and Sacor pension plans was 6,100 in December 2020 and 6,295 in December 2019.

Notes to the consolidated financial statements as at 31 December 2020

Post-employment benefit expenses

Unit: € m

	Notes	2020	2019
Current service cost	26	7	6
Interest cost	27	5	6
Net cost for the year before special events		11	12
Cut back impact - early retirement	26	1	2
Cut back impact - pre-retirement	26	37	4
Other adjustments	26	14	23
Net cost for the year of defined-benefit plan expenses		62	40
Defined contribution	26	4	4
Net cost for the year of defined-contribution plan expenses		4	4
Total		66	44

Remeasurements

Unit: € m

	Notes	2020	2019
		(3)	2
Gains recognised through comprehensive income		(10)	(5)
(Loss)/Gains from actuarial experience		12	(7)
(Loss)/Gains from changes in actuarial assumptions		(32)	(28)
Financial (loss)/gain		11	33
Other gains/losses		(1)	(3)
Taxes related to actuarial gains and losses	16	7	7

Notes to the consolidated financial statements as at 31 December 2020

Assumptions

	Retirement benefits		Other benefits	
	2020	2019	2020	2019
Rate of return on assets	1.50%	1.75%	-	-
Technical interest rate	1.50%	1.75%	1.50%	1.75%
Rate of increase in salary costs	1.00%	1.00%	[1.00% - 3,50%]	[1.00% - 3.50%]
Rate of increase in pension costs	[0.00% - 1.40%]	[0.00% - 1.40%]	-	-
Current personnel and pre-retiree mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011
Retired personnel mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011
Disability table	50% EVK 80	50% EVK 80	50%EVK80	50%EVK80
Common age for retirement	67 years, except for the cases of anticipation to 66 or 65 years with at least 43 or 46 years of S.S. contributions at 65 years respectively	66 years, or 65 years if with at least 43 years of discounting to SS at 65	67 years, except for the cases of anticipation to 66 or 65 years with at least 43 or 46 years of S.S. contributions at 65 years respectively	66 years, or 65 years if with at least 43 years of discounting to SS at 65
Method	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit

Notes to the consolidated financial statements as at 31 December 2020

Sensitivity Analysis

Sensitivity analysis of the discount rate

Unit: € m

Discount rate 1.50%		-0.25%
Total	595	14
Retirement benefits	389	6
Other benefits	206	8

Sensitivity analysis of the growth rate of health insurance costs

Unit: € m

Growth rate of 3.5%		-1.00%	1.00%
Past Service	187	(27)	30

18. Provisions and contingent assets and liabilities

Accounting policies

Provisions are recorded when, and only when: 1) the Group has a present obligation resulting from a past event; 2) it is probable that an outflow of resources entailing economic benefits will be required to settle the obligation; and 3) a reliable estimate can be made of the amount of the obligation. Galp calculates its estimate based on an evaluation of the most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities.

Provisions for the abandonment costs of blocks are intended to cover all the costs incurred by the Company at the end of the useful production life of oil fields. Provisions are based on the operator's estimate of the total abandonment costs, which are recognised by Galp on a proportional basis as it builds each production well.

Provisions for legal disputes include ongoing legal disputes namely related to taxation matters. Management makes estimates regarding provisions and contingencies, including the probability of the outcomes of pending and potential future litigation. These are by nature dependent on inherently uncertain future events. When determining the likely outcomes of litigation, Management considers the input of external counsel, as well as past experience.

Although Management believes that the total amounts of provisions for legal proceedings are adequate based on the currently available information, there can be no assurance that there will be no changes in the facts, or that the amounts of any future lawsuits, claims, proceedings or investigations will not be material.

Accounting estimates and judgments

Provisions for lawsuits and other litigations

The estimated final costs of lawsuits, settlements and other litigation can vary based on different interpretations of the rules, opinions and final assessments of the losses. Consequently, any changes in circumstances relating to these types of contingencies could have a significant effect on the recorded amounts of contingencies.

Notes to the consolidated financial statements as at 31 December 2020

Abandonment provisions

Provisions for decommissioning and restoration costs, which arise principally in connection with hydrocarbon production facilities and pipelines, are measured on the basis of current requirements, technology and price levels; the present value is calculated using amounts discounted over the useful economic life of the assets. The liability is recognised (together with a corresponding amount as part of the related tangible asset) once a legal or constructive obligation to dismantle an item of property, plant and equipment and to restore the site on which it is located exists and when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related tangible asset. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognised in income.

Galp reviews its long-lived refinery assets on a regular basis to determine any changes in facts and circumstances that could result in the recognition of a provision for decommissioning and restoration.

Environmental liabilities (except for CO_2 emissions)

Galp makes judgments and estimates to calculate its known obligations relating essentially to the known requirements regarding soil decontamination, based on current information relating to the expected intervention costs and plans. Such costs can vary due to changes in the legislation and regulations, changes in the condition of a specific location, as well as changes in decontamination technologies. Consequently, any changes in the circumstances relating to such provisions, as well as in the legislation and regulations, could significantly affect the provisions for such matters. Environmental liabilities are assessed and reviewed annually.

Notes to the consolidated financial statements as at 31 December 2020

As at 31 December 2020 and 31 December 2019, the provisions were as follows:

Unit: € m

				December 2020	December 2019
	Decommissioning/ environmental provisions	CESE (I and II)	Other provisions	Total	
At the beginning of the year	421	322	77	819	658
Additional provisions and increases to existing provisions	118	21	73	212	175
Decreases of existing provisions	(1)	-	(3)	(3)	(7)
Amount used during the year	(4)	-	(8)	(12)	(5)
Regularisation	11	-	20	31	-
Adjustments during the year	(32)	-	(6)	(38)	-
At the end of the year	513	343	152	1,008	819

Increases and decreases in provisions during the year are as follows:

Unit: € m

	Judicial processes	Provisions	Tangible Assets	Financial (income) and expenses	CESE	Deferred charges CESE	Results from financial investments	Other	Total
2020	11	96	25	12	36	(15)	57	(12)	209
Decommissioning/environmental costs	-	94	25	12	-	-	-	(13)	118
CESE I and II	-	-	-	-	36	(15)	-		21
Other provisions	11	2	-	-	-	-	57		70

For comparative information, please refer to the consolidated financial statements for the year ended 31 December 2019.

Notes to the consolidated financial statements as at 31 December 2020

Decommissioning of blocks and environmental costs

The amount of €513 m includes a provision for the abandonment of blocks (€368 m), established to cover the costs to be incurred for asset retirement obligations at the end of the useful lives of those areas (€299 m in Brazil and €69 m in Angola). The remaining €145 m relates to the costs associated with the asset retirement obligations of certain facilities in the refining and midstream segment, due to legal and constructive obligations (note 2).

CESE I and II

In the year ending 31 December 2020, the caption of CESE (I and II) - "Energy Sector Extraordinary Contribution I and II" in the amount of €343 m represents the total responsibility as at that date, and corresponds to the contributions for the years 2014 to 2020.

In 2014, the Group was subject to a special tax (Energy Sector Extraordinary Contribution CESE I), pursuant to Article 228 of Law 83C/2013 of 31 December, which states that energy companies that carry net assets in certain activities, from 1 January 2014, are subject to a tax calculated on the balance of the eligible net assets as at that date.

In 2015, the Group was subject to a special tax (Energy Sector Extraordinary Contribution CESE II), pursuant to Law 33/2015 of 27 April and Order No. 157-B/2015 of 28 May. CESE II applies to the value of future sales, based on the four existing long-term LNG sourcing contracts which are on a take-or-pay basis. In 2017, pursuant to Order No. 92-A/2017 of 2 March, the economic value of the take-or-pay contracts changed, which was reflected in the increase of the CESE provision.

Following the law and tax regulations, Galp properly accounted for the legal obligation from CESE, although these obligations are currently subject to legal dispute.

Other provisions

The amount of €50 m of other provisions relates to the dispute between ANP and the BM-S-11 consortium, as explained in Note 11.

Contingent liabilities

As at 31 December 2020, the Company and its subsidiaries had additional Corporate Income Tax assessments under dispute amounting to €42m, for which a provision of €9m had been recorded in prior years.

No provisions were recognised for tax contingencies related to Brazilian withholding tax (IRRF) and other taxes and levies (PIS/COFINS and CIDE) related to rental payments on overseas vessels.

19. Derivative financial instruments

Accounting policies

Derivative financial instruments

The Group may use financial derivatives to hedge the interest rate risk and other market risks, particularly the risk of variations in crude oil prices, finished products and refining margins, as well as the price variation risk of natural gas and electricity, which affects the financial value of the assets and the future cash flow expected from its activities.

Notes to the consolidated financial statements as at 31 December 2020

The realised gains and losses on commodities (i.e. Brent, electricity and gas) futures and swaps are presented within cost of sales. Changes in the fair value of open positions are presented in financial income, within income from financial instruments. As futures are exchange-traded, subject to central clearing, gains and losses are continuously recorded within income from financial instruments until the maturity date of the derivative, unless designated in cash flow relationships in which case they are recorded in the cash flow hedge reserve.

Realised gains and losses on Forwards and FX Swaps are presented within cost of sales if they are connected to commodities transactions, and are otherwise presented in financial income, under realised FX differences. Changes to the fair values of open positions are presented in financial income, under unrealised FX differences.

Some physically settled TTF bilateral contracts are accounted for as derivatives because they meet the net settlement criteria and do not meet the own use exemption criteria. The fair values of these contracts are presented together as Swaps in the financial statements.

Financial assets and liabilities are offset if Galp has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or to realise the asset and liability simultaneously.

Hedge accounting

Derivative instruments that qualify for hedge accounting are designated in cash flow hedges of commodity price risk associated with highly probable forecast electricity purchases. Derivative instruments used by the Group to hedge the fair value are mainly related to the hedging of commodity prices (oil prices). The indices are the same as those applicable to the contracts signed with customers. Certain derivatives that are entered into for risk management purposes, such as those that hedge the overall net position of commodity prices (oil margins) and forecast purchases of gas, are not designated in qualifying IFRS 9 hedge relationships and are therefore accounted for as trading derivatives with their changes in fair value recorded immediately in the statement of profit or loss.

Changes in the fair values of derivatives designated in qualifying cash flow hedge relationships are recorded in equity in the cash flow hedge reserve. In a fair value hedge, the derivatives are recorded at their fair value through profit or loss under financial results, offsetting changes in the fair value of the designated items that are also recorded in financial results.

Where the derivative instrument no longer meets the criteria for recording as a cashflow hedge, the accumulated fair value differences deferred in equity within hedging reserves are added to the book value of the asset which gave rise to the hedging transaction only if the derivative was mature and is effective. Otherwise, if the hedge is not effective, subsequent revaluations are recognised directly in the income statement. If the hedge is discontinued because the transaction is no longer expected all of the deferred MTM in equity is reclassified to profit or loss. If there is a change in risk management objective but the hedged transaction is still expected to occur, the amount in the cash flow hedge reserve is taken to profit or loss when the previously hedged transaction affects the statement of profit or loss. Hedge accounting is discontinued prospectively.

Hedge accounting is discontinued when all of the derivative instruments mature, are sold, when management changes the risk management strategy or objective, or when the transaction is no longer expected to occur.

Notes to the consolidated financial statements as at 31 December 2020

Financial derivatives are recorded at fair value, calculated by using generally accepted valuation methods.

Financial assets and liabilities are offset if Galp has a legally enforceable right to offset the recognised amounts, and there is an intention to settle these on a net basis or to realise the asset and liability simultaneously.

For further explanation of the risks and the related risk reduction using hedges, see Note 20.

The financial position of derivative financial instruments as at 31 December 2020 and 2019 is detailed as follows:

Unit: € m

	2020					2019				
	Assets (Note 12)		Liabilities		Equity	Assets (Note 12)		Liabilities		Equity
	Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current	
	149	49	(130)	(37)	12	131	9	(84)	(5)	(13)
Designated hedge derivatives										
Oil										
Swaps	-	-	(11)	-	-	-	-	-	-	-
Gas										
Swaps	-	-	-	-	-	-	-	-	-	-
Electricity										
Futures	7	-	-	-	12	7	-	-	-	(10)
Swaps	1	-	-	-	(1)	-	-	(4)	2	(3)
Non designated hedge derivatives										
Oil										
Futures	-	-	-	-	-	-	-	-	-	-

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	2020					2019				
	Assets (Note 12)		Liabilities		Equity	Assets (Note 12)		Liabilities		Equity
	Current	Non-current	Current	Non-current		Current	Non-current	Current	Non-current	
Swaps	-	-	-	-	-	7	-	-	-	-
Options	19	-	-	-	-	19	-	-	-	-
Gas										
Futures	22	-	-	-	-	11	-	-	-	-
Swaps	97	34	(90)	(18)	-	60	6	(67)	(4)	-
Electricity										
Swaps	-	15	(1)	-	-	1	-	-	(2)	-
CO_2										
Futures	-	-	-	-	-	-	-	-	-	-
Foreign Exchange										
Forwards	4	1	(29)	(19)	-	25	3	(12)	(1)	-

Derivatives are classified as current and non-current in accordance with the expected settlement.

During 2020 and 2019 the Group entered into derivative financial instruments with the objective of hedging the economic exposure mainly related to changes in crude, power and natural gas prices.

Notes to the consolidated financial statements as at 31 December 2020

The notional prices of the open derivatives and their respective maturities are shown below:

Unit: € m

		December 2020		December 2019	
		Maturity		Maturity	
		Less than 1 year	1 year and more	Less than 1 year	1 year and more
		(1.091)	(634)	(391)	(764)
Commodity futures	Purchase	(92)	(23)	(107)	(41)
	Sales	286	86	219	97
Commodity swaps	Purchase	(654)	(537)	(454)	(121)
	Sales	305	170	316	61
Commodity options	Purchase	(458)	-	(147)	(694)
	Sales	-	-	28	-
Currency forwards and swaps	Purchase	(547)	(348)	(534)	(125)
	Sales	69	18	288	59

Notional = Fixed Price x Quantity

Notes to the consolidated financial statements as at 31 December 2020

The accounting impact as at 31 December 2020 and 31 December 2019 of the gains and losses on derivative financial instruments is presented in the following table:

Unit: € m

	2020				2019			
	Income statement			Equity	Income statement			Equity
	MTM	Realised (Note 25)	MTM + Realised		MTM	Realised (Note 25)	MTM + Realised	
	(104)	4	(100)	24	59	(53)	6	(20)
Designated hedge derivatives								
Oil								
Swaps (Fair value hedge)	(11)	-	(11)	-	-	-	-	-
Client contracts (Fair value hedge)	11	-	11	-	-	-	-	-
Gas								
Swaps (Fair value hedge)	-	-	-	-	(8)	-	(8)	-
Client contracts (Fair value hedge)	-	-	-	-	8	-	8	-
Electricity								
Futures	-	(33)	(33)	23	-	(18)	(18)	(16)
Swaps	-	(8)	(8)	2	-	(6)	(6)	(4)
Non designated hedge derivatives								
Oil								
Futures	-	(5)	(5)	-	-	-	-	-
Swaps	(7)	31	24	-	(49)	(18)	(67)	-
Options	(20)	104	84	-	19	(25)	(6)	-
Gas								
Futures	(64)	7	(56)	-	50	-	50	-
Swaps	27	(42)	(14)	-	29	12	40	-

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	2020				2019			
	Income statement			Equity	Income statement			Equity
	MTM	Realised (Note 25)	MTM + Realised		MTM	Realised (Note 25)	MTM + Realised	
Electricity								
Swaps	17	-	17	-	(2)	(2)	(4)	-
CO_2								
Futures	-	(60)	(60)	-	1	-	1	-
Foreign Exchange								
Forwards	(57)	10	(47)	-	12	3	16	-

Notes to the consolidated financial statements as at 31 December 2020

The 2020 income statement shows, under the mark-to-market (MTM) heading, a positive amount of €11m, through the caption of other financial instruments, related to the fair value hedge and in shareholders' equity, under the heading hedging reserves, the positive amount of €25 m relating to cash-flow hedges. The cash flow hedges reflected in equity, when settled, are reclassified to the statement of profit or loss in the same period or periods during which the hedged expected cash flows affect profit or loss (when hedged forecast sale occurs). The amount of settled hedging instruments regarding cash flow hedges amounts to negative €41m in 2020 and negative €24m in 2019, and was recognised under the heading Cost of sales.

The table above has a MTM of a Swap derivative (€15 m), related to Synthetic Power Purchase Agreements of solar projects in Spain, for which the fair value valuation was not based on observable market data (level 3). The derivatives have several commencement dates, the first beginning in the second half of 2020 and all have a life span of c. 12 years. With these Synthetic Power Purchase Agreement a fixed quantity of Guarantees of Origin is going to be transferred from the solar projects to Galp during the same time frame. A day-one gain of €6m related to these derivatives have been defined by Galp as realized and therefore it has been recorded in income statement for the year.

The inputs used by Galp to value the derivatives were as follows: Floating Price was calculated using a known market index as a proxy; for long term predictions for which no predictable market data was available a flat price assumption was used; credit risk mitigations of the counterparty were taken into account in the valuation.

The heading income from financial instruments includes the unrealised value of MTM of commodities derivatives and closed trading operations, as shown in the following table:

Unit: € m

	2020	2019
	31	81
Commodity Swaps	37	(21)
Options	(20)	19
Commodity Futures	(63)	50
Other trading operations	77	34

The table above includes MTM of all financial derivatives, except FX derivatives which are accounted in the heading exchange differences. Other trading operations are closed trading derivative positions.

Notes to the consolidated financial statements as at 31 December 2020

The maturities of derivative liabilities in the statement of financial position are as follows:

Unit: € m

	Less than 1 year	Between 1 and 2 years	2 years and more	Total
2020				
Commodity swaps	102	18	-	120
Foreign exchange forwards	29	19	-	48
2019				
Commodity swaps and options	72	4	-	76
Foreign exchange forwards	12	1	-	13

20. Financial assets and liabilities

Accounting policies

Galp classifies financial assets and liabilities into the following categories:

- Financial assets at fair value through other comprehensive income;
- Financial assets and liabilities carried at amortised cost;
- Financial assets and liabilities at fair value through profit or loss (derivatives).

Management determines the classification of its financial assets on initial recognition, and re-evaluates it at the end of each reporting period if, and only if, there is a change in the business model. For financial liabilities, such changes in classification are not allowed.

Recognition and measurement

Purchases and sales of investments are recognised as at the trade date. Investments are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Nevertheless, assets at fair value through other comprehensive income are measured at cost as a proxy for their fair value. As, they are not quoted on a stock exchange, no recent available information is available to measure their fair value reliably, and the amounts involved are immaterial.

Notes to the consolidated financial statements as at 31 December 2020

Derecognition of financial assets

Financial Assets are derecognised from the statement of financial position when the rights to receive cash flow from investments have expired or have been transferred and Galp has transferred substantially all of the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist mainly of equity investments. When these kinds of financial assets are derecognised, the gain or loss will be kept in equity. Dividends received are recognised in profit or loss.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets which are held solely for payments of principal and interests (SPPI). If collection is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest method, less impairment.

Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement.

The fair value hierarchy has the following levels:

- Level 1 - the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 - the fair value of the assets or liabilities is determined through valuation models based on observable market inputs; and
- Level 3 - the fair value of the assets or liabilities is determined through valuation models, whose main inputs are not observable in the market.

Notes to the consolidated financial statements as at 31 December 2020

Unit:€m

			Fair value measurement using			
2020	Note	Total Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
Financial assets at FVTPL						
Swaps	20	146	-	131	15	146
Options	20	19	-	19	-	19
Commodity Futures	20	29	29	-	-	29
Forwards	20	5	-	5	-	5
Financial assets measured FV OCI						
Equity investment	12	3	-	-	3	3
		201	29	155	17	201
Financial assets measured at amortised cost for which fair value is required to be disclosed						
Loans and Capital Subscription	12	371	-	-	371	371
Trade receivables and other debtors	11	1,608	-	-	1,608	1,608
Others	12	21	-	-	21	21
Financial liabilities measured FVTPL						
Swaps	20	(120)	-	(120)	-	(120)
Options	20	-	-	-	-	-
Commodity Futures	20	-	-	-	-	-
Forwards	20	(48)	-	(48)	-	(48)
		(167)	-	(167)	-	(167)
Financial liabilities measured at amortised cost for which fair value is required to be disclosed						
Loans and Commercial paper	14	838	-	838	-	838
Trade payables	15	1,413	-	-	1,413	1,413
Bonds	14	1,913	1,913	-	-	1,913
Notes	14	1,523	1,523	-	-	1,000

Notes to the consolidated financial statements as at 31 December 2020

Unit:€m

			Fair value measurement using			
2019	Note	Total Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
Financial assets at FVTPL						
Swaps	20	75	-	75	-	75
Options	20	19	-	19	-	19
Commodity Futures	20	18	18	-	-	19
Forwards	20	28	-	28	-	28
Financial assets measured FV OCI						
Equity investment	12	3	-	-	3	3
		143	18	122	3	144
Financial assets measured at amortised cost for which fair value is required to be disclosed						
Loans and Capital Subscription	12	178	-	-	178	178
Trade receivables and other debtors	11	1,726	-	-	1,726	1,726
Others	12	23	-	-	23	23
Financial liabilities measured FVTPL						
Swaps	20	(76)	-	(76)	-	(76)
Options	20	-	-	-	-	-
Commodity Futures	20	-	-	-	-	-
Forwards	20	(13)	-	(13)	-	(13)
		(89)	-	(89)	-	(89)
Financial liabilities measured at amortised cost for which fair value is required to be disclosed						
Loans and Commercial paper	14	1,044	-	1,044	-	1,044
Trade payables	15	2,195	-	-	2,195	2,195
Bonds	14	828	828	-	-	828
Notes	14	1,023	1,023	-	-	1,000

Notes to the consolidated financial statements as at 31 December 2020

21. Financial risk management

Accounting policy

The Group has systems to identify, measure and control the different risks to which it is exposed to and uses various financial instruments to hedge, in accordance with the corporate guidelines across the Group.

Management has assessed the following key risks:

Type	Exposure to risk
Commodity-price risk	High
Exchange-rate risk	Medium
Interest-rate risk	Low
Liquidity risk	Low
Credit risk	Low

Commodities price risk

Due to the nature of its business, Galp is exposed to the risk of volatility of the international price of crude oil, of its refined products and of natural gas and electricity. Frequent fluctuations in the prices of crude oil and refined products generate uncertainty and have a significant impact on operating results.

The Group partially controls this risk through the derivatives market for oil and natural gas, to protect the refining margin from adverse market changes.

In respect of the natural gas and electricity activities, the Group partially controls this risk through the establishment of natural gas and electricity purchase and sale contracts with similar indexes, so as to protect the business margin against adverse market changes.

The Group also uses financial derivatives such as Futures and Swaps to hedge changes in electricity prices (Note 19).

Notes to the consolidated financial statements as at 31 December 2020

Analysis of commodity price sensitivity

The sensitivity analysis was performed for balances relating to financial derivatives on commodities. An immediate 10% devaluation in the following commodities price would impact Galp's income, as outlined in the table below:

Unit: € m

	2020		2019	
	Risk exposure	Impact on Income Statement	Risk exposure	Impact on Income Statement
Derivatives on natural gas commodities	84	(49)	16	(27)
TTF's (natural gas) contracts	(40)	(15)	(10)	(4)
Derivatives on oil commodities[1]	8	(2)	26	6
Derivatives on electricity[1]	21	(2)	4	-

[1] Excludes the impact of derivatives classified as fair value hedges and cash flow hedges.

Exchange-rate risk

The US Dollar is the currency used for the reference price in the oil and natural gas markets. Since Galp prepares its financial statements in Euros, this factor, among others, exposes its operations to exchange rate risk. Given that the operating margin is most sensitive to fluctuations in the US Dollar, the Company is exposed to fluctuations in exchange rates, which can contribute positively or negatively to income and margins.

As this is a currency risk associated with other variables, such as the prices of oil and natural gas, the Group takes a cautious approach to hedging risk, as there are natural hedges between the statement of financial position and the cash flow. The level of exposure of the cash flow, and especially of the statement of financial position, is a function of the price levels of oil and natural gas.

As a result of the above, Galp controls its exchange-rate exposure on an integrated basis rather than on each operation exposed to exchange risk, except in some specific cases. The purpose of exchange rate risk management is to limit the uncertainty resulting from variations in exchange rates. As at 31 December 2020, Galp held derivatives such as FX Forwards and Swaps to hedge exchange rate risk (Note 19).

Notes to the consolidated financial statements as at 31 December 2020

Foreign exchange sensitivity analysis

The sensitivity analysis includes significant balances in foreign currency relating to trade receivables, other receivables, trade payables, other payables, loans, financial derivatives and cash. A 10% devaluation of the Euro against other currencies would impact Galp's income, as outlined in the table below:

Unit: € m

	2020		2019	
	Risk exposure	Impact on Income Statement	Risk exposure	Impact on Income Statement
Loans obtained and Finance Lease debt	(200)	20	(989)	57
Marketable securities (included in cash and cash equivalents)	35	3	329	17
Derivatives[1]	72	(54)	45	34
Trade and Other receivables	36	4	101	10
Trade and Other payables	(7)	(1)	(126)	(13)

[1]Includes derivatives in USD and FX Forwards, taking into account fluctuations in MTM.

Notes to the consolidated financial statements as at 31 December 2020

Key currencies exchange rate

Unit: € m

	2020		2019	
	Average	Year-end	Average	Year-end
EUR/USD	1.14	1.23	1.12	1.12
EUR/BRL	5.89	6.37	4.41	4.52
USD/BRL	5.16	5.19	3.94	4.02
EUR/CHF	1.07	1.08	1.11	1.09

Interest rate risk

The total interest rate position is managed centrally. Interest rate exposure relates mainly to bank loans and interest-bearing bonds. The purpose of managing interest-rate risk is to reduce the volatility of financial costs in the income statement. The policy for interest-rate risk management aims to reduce the exposure to variable rates by fixing the interest rate risk on loans, using a mix of variable and fixed-rate instruments. As at 31 December 2020 Galp did not hold any interest-rate derivatives positions.

Notes to the consolidated financial statements as at 31 December 2020

Interest rate sensitivity analysis

An analysis of interest rate risk includes variable interest rate loans. A 0.5% increase in the interest rate would impact Galp's financial income as outlined in the table below:

Unit: € m

	2020		2019	
	Exposure risk	Impact on Income Statement	Exposure risk	Impact on Income Statement
Loans obtained	(3,750)	(10)	(2,872)	(8)
Marketable securities	1,058	-	902	-

Note: Cash and Equivalents in the Statement of Financial Position comprise Marketable Securities

Liquidity risk

Liquidity risk is defined as the impact on the profit and/or cash flow of the business of the Group's ability to obtain the financial resources necessary to meet its operating and investment commitments. Galp finances itself through the cash flow generated by its operations and maintains a diversified portfolio of loans and bonds. The Group has access to credit lines that are not fully used but that are at its disposal. These lines would cover all liabilities that are repayable within 12 months. The available short term and medium/ long term credit lines that are not being used amount to € 1.3bn as at 31 December 2020 and € 1.4bn on 31 December 2019. Galp has readily available cash equivalents that amount to €1.7bn as at 31 December 2020 and € 1.5bn on 31 December 2019. These figures combined amount to € 3bn as at 31 December 2020 and € 2.9bn on 31 December 2019.

Credit risk

Credit risk results from the potential non-payment by one of the parties of their contractual obligations, and thus depends on the risk level of the counterparty. In addition, counterparty credit risk arises on monetary investments and hedging instruments. Credit risk limits are established by Galp and are implemented in the various business segments. The credit risk limits are defined and documented, and the credit limits for certain counterparties are based on their credit ratings, periods of exposure and the monetary amount of the exposure to credit risk. See Note 11 for further risk assessments, specifically regarding Trade receivables and other receivables.

Notes to the consolidated financial statements as at 31 December 2020

22. Capital structure and financial items

As at 31 December 2020, the Galp Group presents equity in the amount of €4.1bn.

Share capital, distribution to shareholders and earnings per share

Share capital

The share capital of Galp Energia SGPS, S.A. is comprised of 829,250,635 shares, with a nominal value of 1 Euro each and fully subscribed.

Distribution to shareholders

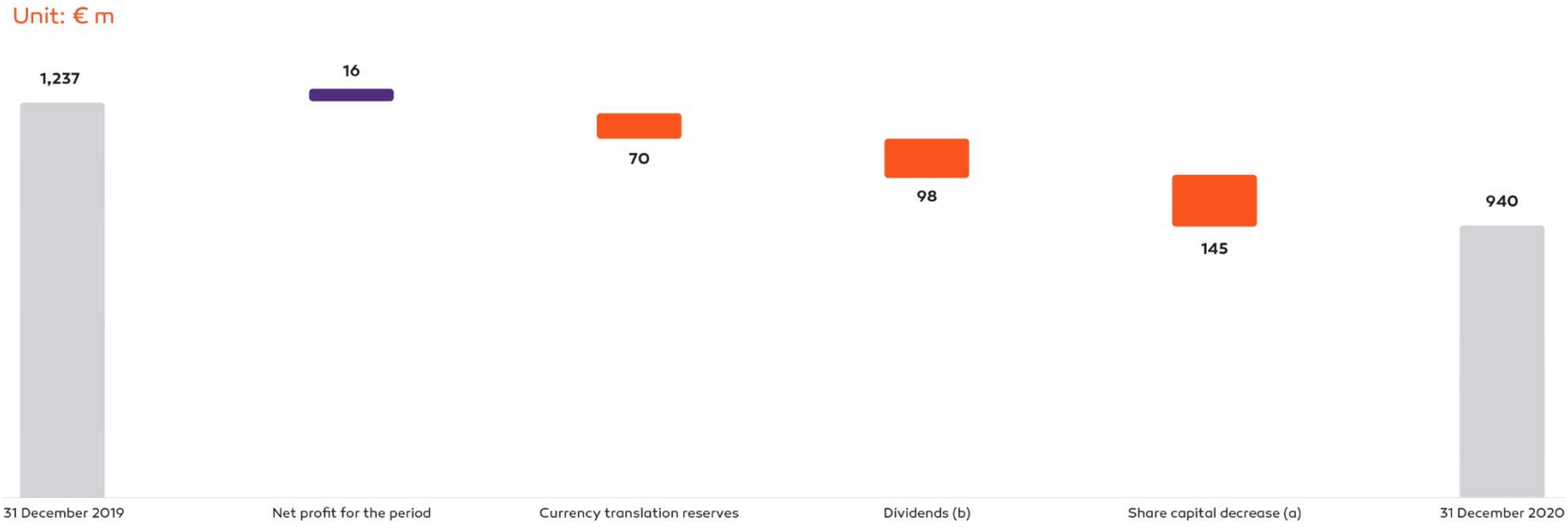
In accordance with a resolution of the General Shareholders' Meeting held on 24 April 2020, Galp Energia, SGPS, S.A.'s shareholders received dividends amounting to €580m (€0.70/share) related to the distribution of net income for the year 2019 and retained earnings. An interim dividend of €262 m (€0.31625/share) was distributed on 10 September 2019, and the remaining €318 m (€0.38375/share) was paid on 21 May 2020. During the year ending 31 December 2020, dividends amounting to €80m have been paid by the subsidiaries of the Galp group to non-controlling shareholders.

As a consequence of the above, during the year ending 31 December 2020, the Group paid dividends amounting to €398 m.

Notes to the consolidated financial statements as at 31 December 2020

23. Non-controlling interests

As of 31 December 2020, the changes in non-controlling interests during the year and included in equity are as follows:



The share capital decrease is related to the Share premium reduction in Galp Sinopec Brazil Services (GSBV).
Of the €98m corresponding to dividends attributed to non-controlling interests, €18 m were not yet paid.

Notes to the consolidated financial statements as at 31 December 2020

24. Revenue and Income

Accounting policies

For the Refining and Midstream and the Commercial, Renewables and New Businesses segments, revenue is recognised when Galp has satisfied a performance obligation by transferring the promised products or services to the customer. The product is transferred when the customer obtains control of the same.

Sales are measured at the fair value of the consideration received or receivable. Sales are recognised net of taxes, with the exception of tax on petroleum products, discounts and rebates.

For the Upstream segment, revenue resulting from hydrocarbon production from properties in which Galp has an interest in joint arrangements is recognised on the basis of Galp's working interest (entitlement method). Revenue resulting from the production of oil under production-sharing contracts is recognised for those amounts relating to Galp's cost recovery, and Galp's share of the remaining production.

As mentioned in Note 11, Galp undertakes under- and overlifting activities. Underlifting occurs when the overtaker lifts the barrels from Galp and sells them. When this happens, underlifting income is recognised against an asset (debtor). In similar ways, overlifting occurs when Galp lifts the barrels to which it is not yet entitled. These balances are presented in Other operating income and Other operating costs (Note 25), respectively.

Exchange differences arising from supplier and customer balances are recognised in the operating results.

The IFRS 15 accounting principle considers a principal vs. agent framework in relation to cost incurred and goods and services provided. In accordance with this, Galp analyzed, among others, a service related to the Natural Gas commercialisation activity, namely due to the electricity and gas tariffs paid to distribution entities and recognised as Costs. Services provided or promised to final customers contains the cost of the tariffs included in the price tag and recognised as operating income. Galp concluded that each contract performance obligation to provide the specified goods or services is the responsibility of the Group, thus controlling the goods or services before delivering them to the final customers. Galp is therefore a Principal rather than an Agent when performing its contract obligations.

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	Notes	2020	2019
		11,840	17,182
Total sales		10,771	15,962
Goods		4,570	7,066
Products		6,209	8,886
Exchange differences		(8)	11
Services rendered		610	608
Other operating income		187	368
Underlifting income		6	187
Others		180	181
Earnings from associates and joint ventures	9	220	121
Financial income	27	53	123

Earnings from associates and joint ventures includes: (i) a gain in the amount of €99m from the sale of 75.01% stake in GGND, and (ii) a gain from Equalization adjustments in Tupi BV and IARA BV in the amount of €56m.

Services rendered include, among others, the amount of €43 m, related to charges to third party for the use of gas assets associated with the Upstream segment activity.

Notes to the consolidated financial statements as at 31 December 2020

25. Costs and Expenses

The operating costs for the years ended 31 December 2020 and 2019 were as follows:

Unit: € m

	Notes	2020	2019
Total costs and expenditure:		12,088	15,903
Cost of sales		8,461	12,592
Raw and subsidiary materials		4,238	5,538
Goods		1,594	3,867
Tax on oil products		2,413	2,834
Variation in production		149	345
Write downs on inventories	10	(3)	(33)
Financial derivatives	19	83	32
Exchange differences		(13)	10
External supplies and services		1,473	1,650
Subcontracts - network use		318	365
Transport of goods		347	318
E&P - production costs		143	187
Royalties		138	196
E&P - exploration costs		15	40
Other costs		512	544
Employee costs	26	356	346
Amortisation, depreciation and impairment losses on fixed assets	5/6/7	1,289	979
Provision and impairment losses on receivables	11/18	114	6
Other costs		156	132

Notes to the consolidated financial statements as at 31 December 2020

Unit: € m

	Notes	2020	2019
Other taxes		23	23
Costs related to CO_2 emissions		30	29
Overlifting costs		82	18
Other operating costs		22	63
Financial expenses	27	239	197

The heading "subcontracts – network use" refers to charges for the use of: (i) the distribution network (URD); (ii) the transportation network (URT); and (iii) the global system (UGS) as included in the tariffs.

The amount of €138 m of royalties mainly relates to the exploration and production of oil and gas in Brazil. Royalties are calculated taking into account an applicable rate of 10% for the production volumes in proportion to Galp's share valued at ANP's reference price.

Notes to the consolidated financial statements as at 31 December 2020

26. Employee costs

Accounting policies

Employee costs

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the respective services are rendered by Galp's employees.

Remuneration of the Board of Directors

In accordance with the current policy, the remuneration of Galp's Corporate Board members includes all the remuneration due for the positions held in Group companies and all accrued amounts related to the current period.

Unit: € m

	Notes	2020	2019
Employee costs		356	346
Capitalised employee costs		(6)	(10)
Total employee costs for the year		362	356
Statutory board salaries		8	9
Employee salaries		208	236
Social charges		51	52
Retirement benefits - pensions and insurance	17	62	37
Other insurances		9	8
Exchange differences		-	-
Other costs		23	13
Remuneration of the Board Members		8	9
Galp Energia SGPS Board Members		7	7
Salaries and cash bonuses		6	6
Pension funds contribution		1	1
Subsidiaries Board Members		1	1
Salaries and cash bonuses		1	1
Year-end number of full-time employees		6,114	6,386

Notes to the consolidated financial statements as at 31 December 2020

27. Financial income and expenses

Accounting policies

Financial income and expenses include interest on loans and bonds, leasing and retirement and other benefit plans. Other financial income and expenses from other financial assets or liabilities are not included in this caption.

The financial charges on loans obtained are recorded as financial expenses on an accruals basis. Financial charges arising from general and specific loans obtained to finance investments in fixed assets are assigned to tangible and intangible assets in progress, in proportion to the total expenses incurred on those investments net of investment government grants, until the commencement of operations. The remainder is recognised under the heading of financial expenses in the income statement for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised. Those financial charges included within fixed assets are depreciated over the useful lives of the respective assets.

Unit: € m

	Notes	2020	2019
		(186)	(74)
Financial income		53	123
Interest on bank deposits		13	35
Interest and other income with related companies		4	2
Other financial income		5	4
Results from derivative financial instruments	19	31	81
Financial expenses		(239)	(197)
Interest on bank loans, bonds, overdrafts and others		(89)	(65)
Interest on related party loans		-	-
Interest capitalised in fixed assets	5	22	24
Interest on lease liabilities	7	(80)	(90)
Net interest on retirement and other benefits	17	(5)	(6)
Charges relating to loans, bonds and credit lines		(8)	(8)
Exchange gains/(losses)		(78)	(10)
Other financial costs		(1)	(41)

Notes to the consolidated financial statements as at 31 December 2020

28. Commitments

The total contractual obligations and recognised non-current liabilities can be specified as follows (payments due for each period):

Unit: € m

	1-3 years	4-5 years	More than 5 years	Total
Total obligation recognised in the statement of financial position	99	45	192	336
Post-employment benefits	72	28	30	130
Other benefits	27	17	162	206
Total obligation not recognised in the statement of financial position	2,214	1,875	6,344	10,433
Natural gas purchases	2,610	1,907	6,344	10,861
Natural gas sales	(396)	(32)	-	(428)

These contracts require a minimum purchase quantity and are subject to price revision mechanisms indexed to international oil/gas quotes. The amounts were calculated based on the outstanding period of time of each of the different contracts, and natural gas prices as of 31 December 2020.

As part of its ongoing business operations, the Group has entered into agreements where commitments have been given for commercial, regulatory or other operational purposes. As at 31 December 2020 and 2019 obligations subject to collaterals granted are as follows:

Unit: € m

	2020	2019
Guarantees provided	3,935	3,871
Venture Global, LLC	1,630	1,780
Charter Agreement FPSO	1,184	1,293
Coral South FLNG project	303	299
Cercena Investments, S.L.U.	178	178
Grenergy	160	-
Petrobras	43	66
Brazilian ANP	21	27
Others related to core activities	416	227

Notes to the consolidated financial statements as at 31 December 2020

Under the contract established in April 2018, with Venture Global LLC, related to the LNG Sales and Purchase Agreement, Galp provided a parent company guarantee in the total amount of the contract (USD 2 bn).

Related to the four charter agreements for FPSOs, Galp provided a parent company guarantee amounting to USD 1,453 m, in the name of Tupi, B.V., which represents Galp's proportion of the BM-S-11 consortium.

Under the financing of the Coral South FLNG project, Galp Energia SGPS S.A. is providing a parent company guarantee related to the Debt Service Undertaking (DSU) agreement, on the total outstanding debt amount at any time in proportion to its participation. This guarantee expires at the time of the Actual Completion Date (estimated for the year 2024) if no obligations are outstanding under the DSU. As of 31 December 2020, Galp's stake in the obligation amounted to €299 m. Also within the scope of this financing, Galp Energia SGPS S.A. provides a guarantee covering 1/9 of the DSU on behalf of ENH Empresa Nacional de Hidrocarbonetos (ENH), one of consortium members of the Coral South FLNG project, which corresponds to Galp's share of the consortium, excluding ENH. As of 31 December 2020, Galp's stake in the responsibility taken on in relation to ENH amounts to €33 m.

The Group has entered into Power Purchase Agreement (PPA) with X-Elio (aka Cercena Investments) and Grenergy to supply solar energy to customers for which it has provided parent company guarantees amounting to €178 m and €160 m, respectively.

The collateral granted to Petróleo Brasileiro S.A. ("Petrobras") amounting to €43 m is due to guarantees for gas supply contracts from the development modules of Lula Pilot and Lula NE.

The collateral for crude oil exploration concession agreements has been granted to the Brazilian Agency of Petroleum, Natural Gas and Biofuels ("ANP"), for an amount of €21 m. The collateral has been granted in connection with the Minimum Exploration Programmes where Galp, as a consortium member, is required to perform certain seismic and drilling and well activities during the exploration period.
The Galp Group has bank loans that, in some cases, have covenants that can, if triggered by banks, lead to the early repayment of the borrowed amounts. As at 31 December 2020, the Medium/Long term debt amounted to €3.2 bn. Contracts with covenants accounted for €1.5 bn of this amount. The existing covenants are essentially designed to ensure compliance with financial ratios that monitor the financial position of the Company, including its ability to service debt. The Total Net Debt to consolidated EBITDA ratio is the most frequently used and, as at 31 December 2020 was 1.5x in accordance with the methodology stated in the contracts. The ratio stipulated in the contracts in general is in the range of 3.5 – 3.75 x EBITDA.

Notes to the consolidated financial statements as at 31 December 2020

29. Related party transactions

Accounting policies

A related party is a person or entity that is related to the entity preparing its financial statements, as follows:

- A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity; (v) The entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the consolidated financial statements as at 31 December 2020

The Group has had the following material transactions with related parties:

Unit: € m

		2020		2019	
	Notes	Current	Non-current	Current	Non-current
Assets:		77	330	76	135
Associates		16	57	10	32
Joint ventures		7	273	6	103
Winland International Petroleum, S.A.R.L.		39	-	43	-
Other related entities		15	-	17	-

Unit: € m

		2020		2019	
	Notes	Current	Non-current	Current	Non-current
Liabilities:		(62)	-	(76)	-
Associates		(12)	-	(7)	-
Joint Ventures		(46)	-	(63)	-
Winland International Petroleum, S.A.R.L.		-	-	(4)	-
Other related entities		(3)	-	(2)	-

Unit: € m

	2020			2019		
	Purchases	Operating cost/income	Financial costs/income	Purchases	Operating cost/income	Financial costs/income
Transactions:	(10)	43	3	(87)	221	-
Associates	2	(115)	-	(68)	10	-
Joint Ventures	-	(11)	2	-	(67)	-
Other related entities	(12)	168	1	(19)	279	-

Notes to the consolidated financial statements as at 31 December 2020

30. Companies in the Galp Group

Judgment is required whenever an entity is acquired or modified in order to give a proper and clear image of the consolidated financial statements. In order to do this, several items are analysed to support the accounting decisions, namely:

- Power over the investee;
- Exposure or rights in relation to the variable results arising through its relationship with the investee; and
- Ability to use its power over the investee to impact the amounts of the results to the investors.

Shareholder agreements are also thoroughly analysed to identify any contract clauses which give substantive power or give only protection rights to the investor. An analysis of the substance rather than the legal form is necessary for proper accounting treatment.

Notes to the consolidated financial statements as at 31 December 2020

Consolidation perimeter

The Companies consolidated in accordance with the full consolidation method are disclosed below:

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others

Company and country	Percentage of shares owned	Activity
Parent company		
Galp Energia, SGPS, S.A., Portugal		•
Subsidiaries by groups		
Galp Energia, S.A., Portugal	100%	•
Galp Energia E&P Subgroup		
Galp Energia E&P, BV, The Netherlands	100%	•
Galp Sinopec Brazil Services BV, The Netherlands	70%	•
Galp E&P Brazil BV, The Netherlands	100%	•
Galp Energia Brasil, S.A., Brazil	100%	•
Petrogal Brasil, BV, The Netherlands	100%	•
Petrogal Brasil, S.A., Brazil	70%	•
Galp Exploração Serviços do Brasil, Lda.	70%	•
Galp East Africa BV, The Netherlands	100%	•
Galp Energia Rovuma BV, The Netherlands	100%	•
Galp Energia Rovuma BV(Mozambique branch), Mozambique	-	•
Galp Exploração e Produção Petrolífera, S.A., Portugal	100%	•
Galp Energia São Tomé e Príncipe Unipessoal, Limitada, São Tomé and Príncipe	100%	•
Windhoek PEL 23 BV, The Netherlands	100%	•
Windhoek PEL 23 BV (Branch in Namibia), Namibia	-	•
Windhoek PEL 28 BV,The Netherlands	100%	•
Windhoek PEL 28 BV (Branch in Namibia), Namibia	-	•

Notes to the consolidated financial statements as at 31 December 2020

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Galp Energia Overseas Block 14 BV, The Netherlands				100%	•	
Galp Energia Overseas Block 14 BV - Branch in Angola, Angola				-	•	
Galp Energia Overseas Block 32 BV, The Netherlands				100%	•	
Galp Energia Overseas Block 32 BV - Branch in Angola, Angola				-	•	
Galp Trading, S.A., Switzerland				100%	•	
Tagus Re, S.A., Luxembourg				100%		•
ISPG - Centro Tecnológico, S.A., Brazil				85%	•	
Galp New Energies Subgroup						
Galp New Energies, S.A., Portugal				100%		
Carriço Cogeração Sociedade de Geração de Electricidade e Calor, S.A., Portugal				65%	•	
GDP Gás de Portugal, S.A., Portugal				100%	•	
Enerfuel, S.A., Portugal				100%	•	
Galp Bioenergy BV, The Netherlands				100%		•
Belem Bioenergia Brasil, S.A., Brazil				100%		•
Galp Parques Eólicos de Alcoutim Lda, Portugal				100%		•
GowithFlow, S.A., Portugal				99%		•
Fornax Energy, S.L., Espanha				100%		•
Petrogal Subgroup						
Petrogal, S.A., Portugal				100%	•	•
Petrogal, S.A. (Branch in Venezuela), Venezuela				-		•
Petróleos de Portugal – Petrogal, S.A. (Branch in Spain), Spain				-		•
Galp Energia España, S.A., Spain				100%		•
Galpgest - Petrogal Estaciones de Servicio, S.L.U., Spain				100%		•
Recule Investments SL, Espanha				100%		•
Recule Investments S.L. (Branch in Portugal), Portugal				-		•

Notes to the consolidated financial statements as at 31 December 2020

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country			Percentage of shares owned			Activity
Galp Açores S.A., Portugal			100%			•
Saaga - Sociedade Açoreana de Armazenagem de Gás, S.A., Portugal			68%			•
Galp Madeira S.A., Portugal			100%		•	
CLCM - Companhia Logistica de Combustíveis da Madeira, S.A., Portugal			75%			•
Gasinsular - Combustíveis do Atlântico, S.A., Portugal			100%		•	
Tagusgás Propoano, S.A.., Portugal			100%			•
Sacor Marítima, S.A., Portugal			100%		•	
C.L.T. - Companhia Logística de Terminais Marítimos, S.A., Portugal			100%		•	
Sempre a Postos - Produtos Alimentares e Utilidades, Lda., Portugal			75%			•
Tanquisado - Terminais Marítimos, S.A., Portugal			100%		•	
Galpgeste - Gestão de Áreas de Serviço, S.A., Portugal			100%			•
Galp Energia Portugal Holdings BV, The Netherlands			100%	•		
Galp Exploração e Produção (Timor Leste), S.A., Portugal			100%	•		
Portcogeração, S.A., Portugal			100%		•	
Galp Marketing Internacional, S.A., Portugal			100%			•
Petrogal Guiné-Bissau, Lda., Guinea-Bissau			100%			•
Petromar - Sociedade de Abastecimentos de Combustíveis, Lda., Guinea-Bissau			80%			•
Petrogás - Importação, Armazenagem e Distribuição de Gás, Lda., Guinea-Bissau			65%		•	
C.L.C. Guiné Bissau – Companhia Logística de Combustíveis da Guiné Bissau, Lda., Guinea-Bissua			90%		•	
Empresa Nacional de Combustíveis - Enacol, S.A.R.L, Cape Verde*			48%			•
Enamar - Sociedade Transportes Marítimos, Sociedade Unipessoal, S.A., Cape Verde			48%		•	
EnacolGest, Lda., Cape Verde			48%		•	
Petrogal Moçambique, Lda., Mozambique			100%			•
Galp Moçambique, Lda., Mozambique			100%			•
Galp Moçambique, Lda. (Branch in Malawi), Malawi			-			•

Notes to the consolidated financial statements as at 31 December 2020

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country			Percentage of shares owned			Activity
Galp Eswatini (PTY) Limited, Eswatini			100%		•	
Petrogal Angola, Lda., Angola			100%		•	
Galp Gás Natural, S.A., Portugal			100%	•	•	
Transgás Armazenagem - Soc. Portuguesa de Armazenagem de Gás Natural, S.A., Portugal			100%			•
Transgás, S.A., Portugal			100%			•
Lisboagás Comercialização, S.A., Portugal			100%		•	
Lusitaniagás Comercialização, S.A., Portugal			100%		•	
Setgás Comercialização, S.A., Portugal			100%		•	
Galp Power, S.A., Portugal			100%		•	
Agroger - Sociedade de Cogeração do Oeste, S.A., Portugal			100%	•		
LGA – Logística Global de Aviação, Lda, Portugal			60%	•		

*The Group controls Enacol's financial and operational policies and is expected to continue to do so by means of a representative majority of votes at the Board of Directors' meetings.

Notes to the consolidated financial statements as at 31 December 2020

Unincorporated joint operations

Joint operations - Oil Consortia

Consortium	Galp's participation interest
Oil Consortium in Brazil	
BM-S-8	20%
BM-S-11	10%
BM-S-11 A	10%
BM-S-24	20%
BT-POT-32	50%
BT-SEAL-13	50%
BM-POT-17	20%
BM-POT-16	20%
PEPB-M-783	20%
PEPB-M-839	20%
BAR-300	10%
BAR-342	10%
BAR-344	10%
BAR-388	10%
Carcará Norte	20%
C-M-791	20%
Block Uirapuru	14%
AM-T-62	40%
AM-T-84	40%
AM-T-85	40%
Cabinuas	10%

Joint operations - Oil Consortia

Consortium	Galp's participation interest
Oil Consortium in Mozambique	
Area 4	10%
Oil Consortium in Angola	
Block 14	9%
Block 14K	4.5%
Block 32	5%
Block 33*	5.33%
Sonagas*	10%
Oil Consortium in East-Timor	
Block (E) S06-04	10%
Oil Consortium in Namibia	
PEL82	40%
PEL83	80%
Oil Consortium in São Tomé and Príncipe	
Block 6	45%
Block 11	20%
Block 12	41%
Oil Consortium in Uruguay*	
Area 3	20%
Area 4	20%

Notes to the consolidated financial statements as at 31 December 2020

Incorporated Joint Operations

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Sigás - Armazenagem de Gás, A.C.E., Portugal				60%	•	
Pergás – Armazenamento de Gás, A.C.E., Portugal				51%	•	
Multiservicios Galp Barcelona, Spain				50%	•	

Joint Ventures

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Tupi B.V., The Netherlands*				9.26%	•	
Iara B.V., The Netherlands*				1.72%	•	
Coral FLNG, S.A., Mozambique*				10%	•	
Coral South FLNG DMCC, United Arab Emirates*				10%		•
Rovuma LNG, S.A., Mozambique*				10%	•	
Rovuma LNG Investments (DIFC) LTD., United Arab Emirates*				10%		•
C.L.C. - Companhia Logística de Combustíveis, S.A., Portugal*				65%	•	
Galp Disa Aviacion, S.A., Spain				50%	•	
Asa - Abastecimento e Serviços de Aviação, Lda., Portugal				50%		
Caiageste - Gestão de Áreas de Serviço, Lda., Portugal				50%		
Ventinveste, S.A., Portugal*				51.50%	•	

Notes to the consolidated financial statements as at 31 December 2020

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Parque Eólico de Vale Grande, S.A., Portugal*				51.50%	•	
Talar Renewable Energy, S.L., Spain					•	
ISDC International Solar Development Corporation, Lda., Portugal				50%	•	

* Galp has joint control over the selected entities even if it holds more or less than 50% of the shares by means of a Shareholder agreement that conveys substantive power to conclude joint control for the joint shareholder or Galp.

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Solar Subgroup						
Zero -E-Euro Assets, S.A., Spain*				75.01%	•	
Instalaciones y Servicios Spinola I, S.L.U., Spain*				75.01%	•	•
Instalaciones y Servicios Spinola II, S.L.U., Spain*				75.01%	•	
Energia Sierrezuela, S.L.U., Spain*				75.01%	•	•
Zero -E Spanish PV, S.L., Spain*				75.01%	•	
Palabra Solar, S.L.U., Spain*				75.01%	•	
Planta Solar Alcázar 1, S.L.U., Spain*				75.01%	•	
Planta Solar Alcázar 2, S.L.U., Spain*				75.01%	•	
PE Valdecarro, S.L.U., Spain*				75.01%	•	
Energias Ambientales de Soria, S.L.U., Spain*				75.01%	•	
El Robledo Eólico, S.L.U., Spain*				75.01%	•	
Ribagrande Energia, S.L.U., Spain*				75.01%	•	
Valdelagua Wind Power, S.L.U., Spain*				75.01%	•	
Escarnes Solar, S.L.U., Spain*				75.01%	•	
Envitero Solar, S.L.U., Spain*				75.01%	•	
Mocatero Solar, S.L.U., Spain*				75.01%	•	

Notes to the consolidated financial statements as at 31 December 2020

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Escatrón Solar, S.L.U., Spain*				75.01%		•
Ignis Uno Solar, S.L.U., Spain*				75.01%		•
Emoción Solar, S.L.U., Spain*				75.01%		•
Mediomonte Solar, S.L.U., Spain*				75.01%		•
Esplendor Solar, S.L.U., Spain*				75.01%		•
Hazaña Solar, S.L.U., Spain*				75.01%		•
Talento Solar, S.L.U., Spain*				75.01%		•
Renovables Spinola I, S.L., Spain*				75.01%		•
Energia de Suria, S.L.U., Spain*				75.01%		•
Energia Faetón, S.L.U., Spain*				75.01%		•
Logro Solar, S.L.U., Spain*				75.01%		•
Ictio Toledo Solar, S.L.U., Spain*				75.01%		•
Ictio Solar, S.L.U., Spain*				75.01%		•
Ictio Solar Auriga, S.L.U., Spain*				75.01%		•
Ictio Manzanares Solar, S.L.U.,Spain*				75.01%		•
Ahin PV Solar, S.L.U., Spain*				75.01%		•
Ictio Solar Andromeda, S.L.U., Spain*				75.01%		•
Ictio Solar Berenice, S.L.U., Spain*				75.01%		•

* Galp has joint control over the selected entities even if it holds more or less than 50% of the shares by means of a Shareholder agreement that conveys substantive power to conclude joint control for the joint shareholder or Galp.

Notes to the consolidated financial statements as at 31 December 2020

Investment in Associates

Activity	• Upstream	• Midstream	• Commercial	• Renewables & New Businesses	• Infrastructure	• Others
Company and country				Percentage of shares owned		Activity
Aero Serviços, SARL - Sociedade Abastecimento de Serviços Aeroportuários, Guinea-Bissau*				50%	•	
EMPL - Europe Maghreb Pipeline, Ltd, Spain				22.80%	•	
Galp IPG Matola Terminal Lda, Mozambique				45%	•	•
Gasoduto Al-Andaluz, S.A., Spain				33.04%	•	
Gasoduto Extremadura, S.A., Spain				49%	•	•
Geo Alternativa, S.L., Spain				25%		•
IPG Galp Beira Terminal Lda, Mozambique				45%	•	
Metragaz, S.A., Marocco				22.64%	•	
Sodigás-Sociedade Industrial de Gases, S.A.R.L, Cape Verde				23%	•	
Sonangalp - Sociedade Distribuição e Comercialização de Combustíveis, Lda., Angola				49%		•
Tauá Brasil Palma, S.A.				49.99%		•
Terparque - Armazenagem de Combustíveis, Lda., Portugal				23.50%	•	
SABA – Sociedade abastecedora de Aeronaves, Lda.				25%	•	
Galp Gás Natural Distribuição Subgroup						
Galp Gás Natural Distribuição, S.A., Portugal**				2.49%		•
Beiragás - Companhia de Gás das Beiras, S.A., Portugal**				1.48%		•
Dianagás - Soc. Distrib. de Gás Natural de Évora, S.A., Portugal**				2.49%		•
Duriensegás - Soc. Distrib. de Gás Natural do Douro, S.A., Portugal**				2.49%		•
Lisboagás - Sociedade Distribuidora de Gás Natural de Lisboa, S.A., Portugal**				2.49%		•
Lusitaniagás - Companhia de Gás do Centro, S.A., Portugal**				2.42%		•
Medigás - Soc. Distrib. de Gás Natural do Algarve, S.A., Portugal**				2.49%		•
Paxgás - Soc. Distrib. de Gás Natural de Beja, S.A., Portugal**				2.49%		•
Setgás - Sociedade de Produção e Distribuição de Gás, S.A., Portugal**				2.49%		•
Tagusgás - Empresa de Gás do Vale do Tejo, S.A., Portugal**				2.47%		•

*Galp has significant influence even though it holds 50%, of the shares of Aero Serviços SARL.
**Galp has significant influence even though it holds less then 20% of the shares.

Notes to the consolidated financial statements as at 31 December 2020

31. Subsequent events

Accounting policy

Events occurring after the date of the financial statements and which provide indications of conditions that exist after the date of the financial statements, if material, are disclosed in the Notes to the consolidated financial statements.

There are no subsequent events, in accordance with the accounting policy, to be disclosed.

32. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 19 March 2021. However, they are still subject to approval by the General Meeting of Shareholders, in accordance with the commercial law applicable in Portugal.

Chairman:
Paula Amorim

Vice-chair and Lead Independent Director:
Miguel Athayde Marques

Vice-chair:
Andrew Richard Dingley Brown

Members:
Filipe Crisóstomo Silva
Thore E. Kristiansen
Carlos Costa Pina
José Carlos da Silva
Sofia Tenreiro
Susana Quintana-Plaza
Marta Amorim
Francisco Rêgo
Carlos Pinto
Luís Todo Bom
Jorge Seabra de Freitas
Rui Paulo Gonçalves
Diogo Tavares
Edmar de Almeida
Cristina Neves Fonseca
Adolfo Mesquita Nunes

Accountant:
Paula de Freitas Gazul

33. Explanation regarding translation

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Galp Energia, SGPS, S.A. (the Group or Galp), which comprise the Consolidated Statement of Financial Position as at 31 December 2020 (showing a total of 12,492 million of euros and a total equity of 4,100 million of euros, including a consolidated net loss for the year of 535 million of euros), and the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Galp Energia, SGPS, S.A. as at 31 December 2020, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Concentration of refining operations in Sines: impairment losses and close-down provisions

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Galp has decided to concentrate its core refining activities and future developments in Sines, discontinuing the refining operations in Matosinhos from 2021 onwards. Therefore, as at 31 December 2020 the Group recognized impairment losses on Matosinhos refining assets amounting to 153 million euros and closed-down costs, namely provisions for dismantling, decommissioning, restructuring and environmental obligations of 128 million euros (note 2.2 and 19). Given the materiality of the amounts involved when compared to the Group's overall results for the year and the significant amount of judgement involved on (i) the evaluation of the recoverable amount of certain assets located in Matosinhos refinery in the context of their future use; and (ii) the estimation of close-down costs, namely due to the fact that there has been limited dismantling, decommissioning and rehabilitation activity and historical precedent against which to benchmark estimates of future costs, that often depend on the extent of contamination, and the associated impact and timing of the required corrective actions and technological feasibility, we considered this to be a Key audit matter.	Our approach included carrying out the following procedures: ► We obtained an understanding of Galp's formal plan to discontinue the refining operations in Matosinhos and concentrate its activity in Sines; ► We tested the completeness of the assets identified for impairment in the context of Matosinhos close-down decision and perform an evaluation of the reasonability of the assumptions and judgment in determining it. For the assets that were not subject to impairment, as land or logistics assets, we assessed if any impairment indicator existed, namely through the understanding of its future use; ► We obtained an understanding of Group's estimation process of future costs, to verify its completeness and accuracy, based on current legal, contractual and constructive requirements, price levels and expected plans related to the dismantling, decommissioning and decontamination; ► We performed an evaluation of the reasonability of key inputs and assumptions in determining future close-down costs, namely: (i) size of the site and tanks storage capacity, agreeing such data to public available sources or technical documentation; (ii) cost factors, reviewing studies of previously decommissioned facilities or sites; and (iii) restructuring costs; ► We analyzed contracts and other documentation (including conducting a search for litigation and claims brought against the Group) to assess possible obligations that should be disclosed as contingent liability; and ► We assessed the reasonableness of the provision measurement criteria taking in consideration the planned timing to execute the activities and the appropriateness of the discount rate, for which we involved our valuations specialists. We also verified the appropriateness of the disclosures presented in the Note 2.2. and 19 of the Consolidated Financial Statements.

2. Recoverability of non-current upstream assets

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, non-current assets recognized in the Consolidated Statement of Financial Position , related to the upstream operating segment amounted to 3,761 million euros. Analysis relating to the recoverability of non-current upstream assets requires management to define a set of estimates and assumptions based on economic and market forecasts, in particular regarding the projection of future cash flows and discount rates. The projections of future cash-flows of the upstream segment are essentially based on the estimate of the long-term oil and gas price outlook, future expected production volumes and taxes, future estimates of operating and capital expenditure and discount rates. The materiality of the amounts involved when compared to the Group's total assets and the significant amount of judgement involved on the evaluation of the recoverable amount of Group's non-current upstream assets, which requires management to make complex estimates and assumptions in an environment of constant volatility in oil and gas prices, in particular with increased demand uncertainty due to factors such as the macro-economic impacts of the Covid-19 pandemic and the pace of decarbonization and the energy transition, justify the fact that this has been considered a key audit matter.	Our approach included carrying out the following procedures: ▸ We obtained an understanding of Group's process for defining its upstream cash-generating units, identifying indicators of impairment and reversals of impairment and quantifying proved and probable oil and gas reserves; ▸ Where impairment assessments were carried out, we tested the mathematical accuracy and completeness of the models used. For those assets impaired previously, we evaluated the actual results versus the assumptions made and considered if reversals of impairment were required; ▸ We performed an evaluation of the reasonability of the assumptions that present the highest sensitivity and judgment in determining the value in use, namely the future prices of crude oil and gas, through comparison of future short and long-term commodity prices to consensus analysts' forecasts and those adopted by other international oil companies. We evaluated whether prices were used consistently across the Group, including pricing differentials with respect to marker prices such as Brent; ▸ We evaluated the professional qualifications and objectivity of management's external expert who performed the detailed preparation of the reserve estimates and reconciled the reserves volumes certified with those included in the impairment models; ▸ To test the discount rates used for impairment testing, we involved our valuations specialists to assist in evaluating, amongst other things, the methodology applied, and assumptions made. We also tested the underlying data used to support the discount rate calculation; ▸ We compared operating expenditure profiles and capital costs to complete construction included within the impairment test to the approved operator budgets or multi-annual business plan approved by the Board of Directors of Galp Energia SGPS, S.A.; and ▸ Performed sensitivity analyses on critical assumptions in the cash flow models to understand the impact of changes to certain assumptions, including oil and gas prices, production and discount rate. We also verified the appropriateness of the disclosures presented in the note 5 of the Consolidated Financial Statements related to non-current assets of the Upstream operating segment.

3. Solar energy projects acquisition in Spain

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
During the first quarter of 2020 the Group signed a Sale and Purchase Agreement (SPA) with Group ACS for the acquisition of solar photovoltaic projects in Spain (note 2.2). The SPA was subsequently amended to establish new terms and conditions for the acquisition, including setting up a joint venture under which the Group acquired a 75.01%interest for 326 million euros and Group ACS maintained a stake of 24.99% with a shareholders' agreement in place. As disclosed in note 9, the 325 million euros paid have been allocated, as per the preliminary purchase price allocation to (i) shareholders' loan (€253m); (ii) Grid access licenses (€71 m); and (iii) Guarantee of Origen Certificates (€1 m). The materiality of the amounts, the judgement associated with the recognition of the above mention investment in accordance with IFRS 11, the preliminary purchase price allocation assessment, as well as the importance of such transaction in Groups' strategy and energy transition goals, justify the fact that this has been considered a key audit matter.	Our approach included carrying out the following procedures: ► We read all legal and governance contractual agreements, identifying the main legal and governance aspects presented in the "Sale and purchase and loan assignment agreement" and the shareholders' agreement between Galp and Group ACS; ► We reviewed management assessment for the joint control premises application in accordance with IFRS 11 – 'Joint Arrangements' and the correspondent supporting documentation; ► We obtained the understanding through enquiry and review of the valuation methodology adopted by the Group. Additionally, we assessed the reasonability of the preliminary purchase price allocation exercise, including all the premises included in the assessment; Additionally, we have verified the adequacy of the applicable disclosures (IFRS 11), included in notes 2 and 9 of the financial statements.

4. Recoverability of the non-current assets service station network in Spain

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020 the amount of non-current assets recognized in the Consolidated Statement of Financial Position , related to the service station network in Spain, considered by management as a single cash generating unit, amounted to 276 million euros and included 221 million euros of tangible assets and 55 million euros of intangible assets. The materiality of the amounts and the judgement associated with the evaluation of the recoverability of these non-current assets, which requires management to define complex estimates and assumptions, particularly with regard to calculating the value in use as part of the cash generating unit impairment test, particularly in an environment significantly impacted by the Covid-19 pandemic, justify the fact that this has been considered a key audit matter.	Our approach included performing the following procedures with respect to the cash generating unit impairment test related to the service station network in Spain: ► We have obtained an understanding of Group's process for defining the cash-generating unit related to the service station network in Spain; ► We assessed the adequacy of the impairment model used by management and its embedded calculations, through the verification of mathematical accuracy; ► We evaluated the reasonability of the assumptions that present the highest sensitivity in determining value in use, namely EBITDA projections, discount rate, and growth rate in perpetuity; ► We tested, with the support of a valuations specialists, the discount and inflation rates used in the impairment model and assessed the methodology used by management; ► We compared the projections included in the cash generating unit impairment test with the multi-annual business plan approved by the Board of Directors of Galp Energia SGPS, S.A.; and ► Performed sensitivity analyses in order to determine the level of variations that, individually or as a whole, could give rise to impairment losses. We also reviewed the appropriateness of the associated disclosures, presented in Note 5 of the consolidated financial statements, namely those referring to the estimates and assumptions that present the highest sensitivity in the calculation of value in use, based on what was stated in the applicable accounting standards.

5. Derivative financial instruments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As disclosed in the Consolidated Financial Statements, the Group uses derivative financial instruments for risk management purposes. As at 31 December 2020, derivative instruments recognized as assets amounts to 198 million euros and as liabilities 167 million euros. Certain derivatives qualify for hedge accounting under *IFRS 9 Financial Instruments: 'Recognition and Measurement'* while others, even though they are entered and held for risk management purposes do not meet the hedge accounting criteria and are accounted for as trading derivatives with their changes in fair value recorded directly in the consolidated income statement. The materiality of derivative transactions to the financial statements, the degree of judgment associated with their valuation and the potential magnitude of the impacts arising from trading activity, together with the complexity of information systems, end user computing spreadsheets and processes that support a significant volume of different types of derivative transactions, justify that this matter has been consider a key audit matter.	Our approach included carrying out the following procedures: ► We assessed the overall compliance with the principles of IAS 32 Financial Instruments: 'Presentation' and IFRS 9 Financial Instruments: 'Recognition and Measurement' taking into consideration the use of accounting judgement and including a review of current cash flow hedge and fair value hedge designations; ► We performed detailed analytical review procedures over derivative balances to assess if changes are consistent with expectations formed based on changes in the business and in respect of changes in the number of trades, traded volumes and prices during the year. ► Performed valuation testing of open positions and valuation models, including validation of inputs against contractual terms and key assumptions; confirming the appropriateness of price curves used against external sources and for a sample of derivatives, independently re-calculating the fair value; ► We agreed a sample of open trading positions at the consolidated statement of financial position date to trade confirmations, and where possible to counterparty statements or independently obtained confirmations; and ► We have reviewed, reconciled and verified system generated reports and end user computing spreadsheets; Additionally we review the adequacy of the consolidated financial statement disclosures associated with derivative financial instruments and hedge accounting (notes 19, 20 and 21); including disclosures relating to fair value and market risk according to the applicable accounting standards.

Responsibilities of Management and the supervisory board for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that presents a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Integrated Management report, the Corporate Governance Report and the consolidated non-financial statement, in accordance with the applicable legal and regulatory requirements;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, which measures have been taken to eliminate the threats or which safeguards have been applied.

Our responsibility includes the verification of the consistency of the Integrated Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code in matters of corporate governance, as well as the verification that the consolidated non-financial statement has been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Integrated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Integrated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

On the Corporate Governance Report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate Governance report, includes the information required the Group to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the nº1 of the referred article.

On non-financial information

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group has prepared a report separate from the Integrated Management Report, which includes the consolidated non-financial information, as provided for in Article 508-G of the Commercial Companies Code, and has been disclosed together with the Integrated Management Report.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Galp Energia SGPS, S.A. (Group's parent entity) for the first time in the shareholders' general meeting held on 12 April 2019 for a mandate from 2019 to 2022;
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity on 19 March 2021;
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Entity in conducting the audit; and
- We declare that, in addition to the audit, we provided the Entity with the following services as permitted by law and regulations in force:
  - Limited review on the interim consolidated financial statements;

- Comfort letter issuance related with the update of the EUR 5,000,000,000 Euro Medium Term Note Programme by Galp Energia, SGPS, S.A.;
- Independent reasonable assurance report on financial ratios;
- Agreed procedures reports on (i) quarterly statements of natural gas purchases; and (ii) annual statements of natural gas purchases, in accordance with the terms of reference approved by ERSE - Entidade Reguladora dos Serviços Energéticos;
- Agreed Procedures Report on the criteria for calculation and validation of Galp Gás Natural, SA's sales prices to last resort wholesaler distributors - CURG, carried out in accordance with the terms of reference established in the Tariff Regulations (RT) of ERSE - Entidade Reguladora dos Serviços Energéticos;
- Agreed Procedures Report on Galp Energia España, S.A.U's (i) annual statement package", as required by Ecoembalafes España, S.A.; and (ii) annual statement of stocks, purchases and sales of petroleum products and LPG, and annual statement of purchases, sales and production of biofuels, and other renewable fuels for transportation purposes as required by the "Corporación de Reservas Estratéticas de Productos Petrolíferos";
- Agreed procedures reports on "Net working capital adjustment" accounts of Primagas Energía, S.A.U. under the sales contract.

Lisbon, 19 March 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

Rui Abel Serra Martins - ROC n.º 1119
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Part II
Individual financial statements

Statement of financial position

Galp Energia, SGPS, S.A.

Statement of financial position as of 31 December 2020 and 31 December 2019

(Amounts stated in thousand Euros – €k)

Assets	Notes	2020	2019
Non-current assets:			
Tangible Assets	4	-	2
Right-of-use of assets	6	174	100
Investments in subsidiaries, associates and joint ventures	9	4,018,358	2,801,167
Deferred tax assets	16	180	180
Other Receivables	11	90	90
Other Financial Assets	12	1,872,850	1,897,850
Total non-current assets:		5,891,652	4,699,389
Current assets:			
Trade receivables	11	989	1,045
Other receivables	11	7,906	8,091
Current income tax receivable	16	156,055	85,895
Cash and cash equivalents	13	10,645	44,612
Other financial assets	12	146,893	173,372
Total current assets:		322,487	313,015
Total assets:		6,214,139	5,012,405

Statement of financial position

(Amounts stated in thousand Euros – €k)

Equity and Liabilities	Notes	2020	2019
Equity:			
Share capital and share premium	22	911,257	911,257
Reserves	22	193,828	193,828
Retained earnings		688,755	669,553
Total equity:		1,793,839	1,774,637
Liabilities:			
Non-current liabilities:			
Financial debt	14	3,119,373	2,368,729
Lease liabilities	6	111	59
Other payables	15	2,106	2,112
Total non-current liabilities:		3,121,590	2,370,900
Current liabilities:			
Financial debt	14	531,308	246,057
Lease liabilities	6	65	42
Trade payables	15	1,372	884
Other payables	15	599,487	530,130
Current income tax payable	16	166,480	89,755
Total current liabilities:		1,298,711	866,868
Total liabilities:		4,420,300	3,237,768
Total equity and liabilities:		6,214,139	5,012,405

The accompanying notes form an integral part of the statement of financial position and must be read in conjunction.

Income statement and statement of comprehensive income

Galp Energia, SGPS, S.A.

Income statement and statement of comprehensive income for the years ended 31 December 2020 and 31 December 2019

(Amounts stated in thousand Euros – €k)

	Notes	2020	2019
Services rendered	23	9,680	10,198
Other operating income	23	283	169
Financial income	23 and 26	59,100	73,636
Earnings from associates and joint ventures	9	318,948	519,579
Total revenues and income:		388,010	603,582
External supplies and services	24	(3,956)	(3,842)
Employee costs	24 and 25	(8,653)	(9,525)
Amortisation, depreciation and impairment loss on fixed assets	4, 6 and 24	(61)	(46)
Other operating costs	24	(846)	(635)
Financial expenses	26	(30,529)	(45,505)
Total cost and expenses:		(44,044)	(59,552)
Profit before taxes and other contributions:		343,966	544,030
Income tax	16	(6,539)	(7,115)
Net income for the year		337,427	536,915
Basic and diluted earnings per share (in Euros)		0.41	0.65
Net income for the year		337,427	536,915
Items which will not be recycled in the future through net income			
Actuarial gains and losses – pensions fund	17	-	-
Income taxes related to actuarial gains and losses	16	-	-
Comprehensive income for the year		337,427	536,915

The accompanying notes form an integral part of the income statement and statement of comprehensive income and should be read in conjunction.

Statement of changes in equity

Galp Energia, SGPS, S.A.

Statement of changes in equity for the years ended 31 December 2020 and 31 December 2019

(Amounts stated in thousand Euros – €k)

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Net income for the year	Total
Balance as of 1 January 2019		829,251	82,006	193,828	207,035	484,310	1,796,429
Net income for the year		-	-	-	-	536,915	536,915
Comprehensive income for the year		-	-	-	-	536,915	536,915
Dividends distributed / interim dividends		-	-	-	(558,708)	-	(558,708)
Increase / decrease of Reserves by appropriation of income		-	-	-	484,310	(484,310)	-
Balance as of 31 December 2019		829,251	82,006	193,828	132,637	536,915	1,774,637
Balance as of 1 January 2020		829,251	82,006	193,828	132,637	536,915	1,774,637
Net income for the year		-	-	-	-	337,427	337,427
Comprehensive income for the year		-	-	-	-	337,427	337,427
Dividends distributed / interim dividends	22	-	-	-	(318,225)	-	(318,225)
Increase / decrease of Reserves by appropriation of income		-	-	-	536,915	(536,915)	-
Balance as of 31 December 2020		829,251	82,006	193,828	351,328	337,427	1,793,839

The accompanying notes form an integral part of the statement of changes in equity and should be read in conjunction.

Statement of cash flows

Galp Energia, SGPS, S.A.

Statement of cash flows for the years ended 31 December 2020 and 31 December 2019

(Amounts stated in thousand Euros – €k)

	Notes	2020	2019
Operating activities:			
Cash receipt from customers		13,788	12,388
Cash paid to suppliers		(6,232)	(6,848)
Cash paid to employees		(4,921)	(4,789)
Income tax received / (paid)		26	(7,145)
Other (payments) / receipts from operating activities		270	3,124
Dividends received	9	319,180	519,925
Cash flow from operating activities (1)		322,111	516,655
Investing activities:			
Cash receipts related to:			
Interests and similar income		52,875	71,676
Loans granted		43,300	167,467
Cash payments related to:			
Financial investments		(717,191)	-
Loans granted		(396,375)	(110,900)
Cash flow from investing activities (2)		(1,017,390)	128,243
Financing activities:			
Cash receipts related to:			
Loans granted		3,318,392	4,731,727
Cash payments related to:			

Statement of cash flows

(Amounts stated in thousand Euros – €k)

	Notes	2020	2019
Loans		(2,287,461)	(4,712,002)
Interests on loans		(31,905)	(64,409)
Interests and similar costs		(20,577)	(5,792)
Leases	6	(57)	(41)
Leasing interests	6	(5)	(3)
Dividend paid	22	(318,225)	(558,708)
Cash flow from Financing activities (3)		660,161	(609,227)
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(35,118)	35,671
Effects of foreign exchange rate changes in cash and cash equivalents		1,228	972
Cash and cash equivalents at the beginning of the year	13	44,535	7,893
Cash and cash equivalents at the end of the year	13	10,645	44,535

The accompanying notes form an integral part of the statement of cash flows and should be read in conjunction .

Notes to the financial statements as of 31 December 2020

1. Corporate information

Galp Energia, SGPS, S.A. (hereinafter referred to as "Galp" or "the Company"), was incorporated as a government-owned corporation under Decree-Law 137-A/99 of 22 April 1999, under the name Galp – Petróleos e Gás de Portugal, SGPS, S.A., having adopted its present designation of Galp Energia, SGPS, S.A. on 13 September 2000.

The Company's Head Office is in Lisbon and its main purpose is the management of other companies having, as of the date of its incorporation, taken control of the Portuguese state's direct participations in the following companies: Petróleos de Portugal– Petrogal (currently designated by Petrogal, S.A.), S.A.; GDP – Gás de Portugal, SGPS, S.A. (currently designated Galp New Energies, S.A.) and Transgás–Sociedade Portuguesa de Gás Natural, S.A. ("Transgás, S.A." currently designated Galp Gás Natural, S.A.).

The Company's corporate purpose is to manage shareholdings of other companies in the energy sector, as an indirect way of carrying out economic activities.

During the previous years the Company shareholders positions suffered several changes and the Company shareholder position as of 31 December 2020 is stated in Note 22.

Part of the Company's shares, representing 93% of its share capital, are listed on the Euronext Lisbon stock exchange.

2. Significant accounting policies, judgments and estimates

Basis of presentation

The Company's financial statements were prepared on a going concern basis, at historical cost, except for financial derivative instruments, which are stated at fair value, based on the accounting records of the Company, maintained in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), effective for the year beginning 1 January 2019. These standards include IFRS issued by the International Accounting Standards Board (IASB) and International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and respective interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC). These standards and interpretations are hereinafter referred to as IFRS.

The Company's Board of Directors believes that the attached financial statements and the notes to the financial statements ensure an adequate presentation of the financial information.

The attached financial statements are presented in thousands of Euros (units: €k), rounded to the nearest thousand, unless otherwise stated. Therefore, the subtotals and totals of the tables presented in these financial statements and explanatory notes may not be equal to the sum of the amounts presented, due to rounding.

The accounting policies adopted are, according to their content, in the respective note in the notes to the financial statements. General

Notes to the financial statements as of 31 December 2020

accounting policies or those applicable to several notes are disclosed in this note.

Judgments and estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and expenses recognised each year. The actual results could be different depending on the estimates made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or are very susceptible to changes in these situations; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

The accounting principles and areas which require a greater number of judgment and estimates in the preparation of the financial statements are (i) tangible assets, right-of-use assets and financial investments (Notes 4, 6 and 9), (ii) impairment on receivables (Note 11), (iii) useful lives and residual values of tangible and intangible assets (Note 4), and (iv) deferred tax assets and estimates on uncertain tax positions (Note 16).

General accounting policies

Translation of foreign currency transactions and balances

Transactions are recorded in the Company's financial statement in its functional currency, at the exchange rates in force on the dates of the transactions.

Gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those prevailing at the date of collection, payment or at the end of the reporting period are recorded as income and expenses, respectively, in the income statement in the same captions where the revenue and expenses associated with these transactions are reflected, except those related to non-monetary values whose change in fair value is recorded directly in equity.

3. Impact of the adoption of new or amended international financial reporting standards

3.1. Adoption of Amendment to IFRS 16 Leases Covid-19 – Related Rent Concessions

On 28 May 2020, the International Accounting Standards Board issued Rental bonuses related to Covid-19 - amendment to IFRS 16 Leases.

The amendment allows lessees, as a practical expedient, not to assess if a rent concession related to Covid-19 is a modification of the lease.

Notes to the financial statements as of 31 December 2020

agreement and to account rent concessions as if they were not lease modifications

The practical expedient is applicable to rental concessions directly related to the Covid-19 pandemic, and only when all the conditions below are satisfied:

- the change in lease payments results in a revised rent that is substantially equal to or less than the rent prior to the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there are no substantive changes to the other lease terms and conditions.

The Company has decided to use the practical expedient and accounts any change in lease payments resulting from rent concession related to Covid-19 in the same way that it would respond to the change under IFRS 16 if the change were not a lease modification. Rental bonuses are recognised in other operating income.

The amendment applies to accounting periods beginning on or after 1 June 2020. As earlier application is permitted, the Company applied an amendment to the accounting period ending 31 December 2020.

3.2.New Standards and interpretations endorsed and published by the European Union

The IFRS standards endorsed and published on the Official Journal of the European Union (OJEU) during the year ended 31 December 2020 and enforceable for accounting purposes in subsequent years are presented in the table below:

IFRS/IFRIC standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IFRS 4 Insurance contracts – deferral of IFRS19	16/12/2020	01/01/2021	2021	Not applicable

The IFRS standards endorsed and published in the OJEU applicable to the year 2020 are presented in the table below:

IFRS/IFRIC standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendment to IFRS 16 Leases Covid -19 - Related rent concessions	12/10/2020	01/06/2020	2020	Applicable but without predictable impact
Amendments to IFRS 3 Business combinations	22/04/2020	01/01/2020	2020	Without relevant accounting impacts

Notes to the financial statements as of 31 December 2020

IFRS/IFRIC standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IFRS 9, IAS 39 and IFRS17: Interest rate benchmark reform	16/01/2020	01/01/2020	2020	Without predictable impact
Amendments to IAS 1 and IAS 8: Definition of material	10/12/2019	01/01/2020	2020	Applicable but without significant impact
Amendments to references to the Conceptual Framework in the IFRS standards	10/12/2019	01/01/2020	2020	Without predictable impacts

4. Tangible assets

Accounting policies

Recognition

Tangible assets are stated at cost, less accumulated depreciation and cumulative impairment losses. The acquisition cost includes the purchase amount, plus transport and assembly costs, any decommissioning obligations and financial interest incurred during the construction phase. Tangible work-in-progress assets refer to assets under construction and are stated at cost less cumulative impairment losses. These assets are depreciated as soon as the investment projects are substantially completed or ready for use.

Major maintenance and repairs

Repairs and maintenance costs of a current nature are recorded as expenses for the year in which they are incurred. Expenditure on major maintenance or repairs related to the replacement of parts of equipment or other tangible assets are recorded as tangible assets, if the replaced component is identified and written off, and depreciated at rates corresponding to the residual useful life of the respective main fixed assets.

Depreciation

Depreciation is calculated on the considered cost (for acquisitions until 1 January 2004) or the acquisition cost, using the straight-line method, applied from the date on which the assets are available to be used as intended by management. It is used among the most appropriate economic rates, those that allow the reintegration of property, plant and equipment during its estimated useful life, taking into account, in cases where this is applicable, the concession period.

The average annual depreciation rates used are as follow:

Depreciation rates	2020	2019
Administrative equipment	12.5%	12.5%

Notes to the financial statements as of 31 December 2020

Impairment

Impairment tests are performed at the reporting date and whenever a decline in the asset value is identified. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the income statement, under the caption amortisation, depreciation and impairment loss on fixed assets.

The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, less the costs directly attributable to the sale. Value in use corresponds to the present value of the future cash flows generated by the asset during its estimated economic useful life. The recoverable amount is estimated for the asset or cash generating unit to which it belongs. The discount rate used reflects the Weighted Average Cost of Capital (WACC) of the Company.

The period of the estimated cash flows depends on the average useful life of the cash generating unit.

Accounting estimates and judgments

Useful lives and residual values of tangible assets

The calculation of the assets' residual values and useful lives, as well as the depreciation / amortisation method to be applied, are necessary to determine the depreciation and amortisation to be recognised in the Company's income statement for each period. These parameters are set based on management's judgment, being in line with the practices adopted by peers in the industry. Changes in assets' economically useful lives are accounted for on a prospective basis.

Notes to the financial statements as of 31 December 2020

Unit: €k

	Basic equipment	Transport equipment	Administrative equipment	Other tangible assets	2020 Total	2019 Total
As at 31 December						
Acquisition cost	34	52	324	1,009	1,419	1,419
Impairment	-	-	-	-	-	-
Accumulated depreciation	(34)	(52)	(324)	(1,009)	(1,419)	(1,417)
Net amount	-	-	-	-	-	2
Opening balance	-	-	2	-	2	5
Additions	-	-	-	-	-	-
Depreciation and impairment	-	-	(2)	-	(2)	(3)
Disposals/Write-offs	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Ending balance	-		-	-	-	2

5. Intangible assets

Not applicable.

6. Right-of-use of assets and lease liabilities

Accounting policies

Recognition

The Company recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease

Notes to the financial statements as of 31 December 2020

liability, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The types of lease payments included in the measurement of the lease liability are as follow:

- Fixed payments, deducted of any incentives received;
- Variable lease payments that are pegged to an index or a rate;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Company is reasonably certain to be able to exercise; and
- Payment of penalties for the early termination of a lease, unless the Company is reasonably certain not to terminate it early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those used for the tangible assets.

Notes to the financial statements as of 31 December 2020

Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of intangible assets and discount rates

The calculation of the assets' residual values, the estimation of the useful lives, and the discount rates used are based on the premises of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

Impairment of Right-of-use Assets

Identifying impairment indicators, estimating future cash flow and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

The details of right-of-use assets are as follow:

Unit: €k

	2020		2019
	Vehicles	Total	Total
As at 31 December			
Acquisition cost	251	251	138
Accumulated amortization	(77)	(77)	(38)
Net amount	174	174	100
Opening balance	100	100	85
Additions	112	112	64
Amortisation	(59)	(59)	(42)
Disposals	-	-	4
Other adjustments	19	19	(10)
Ending balance	174	174	100

Lease liabilities are as follow:

Unit: €k

	December 2020	December 2019
Maturity analysis – contractual undiscounted cash flow	187	107
Less than one year	67	43
One to five years	120	63
More than five years	-	-
Lease liabilities in the statement of financial position	176	101
Current	65	42
Non-current	111	59

Notes to the financial statements as of 31 December 2020

The amounts recognised in profit or loss are as follow:

Unit: €k

	2020	2019
	99	54
Interest on lease liabilities	5	3
Expenses related to short term, low value and variable payments of operating leases	94	51

The amounts recognised in the statement of cash flow are as follow:

Unit: €k

	2020	2019
Financing activities	(62)	(44)
Payments relating to leases	(57)	(41)
Payments relating to lease interests	(5)	(3)

7. Government grants

Not applicable.

8. Goodwill

Not applicable.

9. Investments in subsidiaries, associates and joint ventures

Accounting policies

Investments in subsidiaries and associates are recorded at the acquisition cost net of impairment losses, when applicable.

Dividends received from subsidiaries and associates are recorded in the Income Statement, when assigned. Whenever the recoverable amount determined is less than the carrying value of the financial investment, the Company recognizes the respective impairment loss in the same caption.

Investments in subsidiaries, associates, and joint ventures at 31 December 2020 and 2019 are as follows:

	Country	Interest held	
		2020	2019
Subsidiaries			
Galp Energia, S.A.,	Portugal	100%	100%
Galp Energia E&P B.V.	The Netherlands	100%	100%
Galp New Energies, S.A.	Portugal	100%	100%
Petrogal, S.A.	Portugal	100%	100%

Notes to the financial statements as of 31 December 2020

	Country	Interest held	
		2020	2019
Affiliates			
ISPG - Instituto do Petróleo e do Gás	Portugal	66.67%	66.67%
Adene - Agência para a Energia, S.A.	Portugal	10.98%	10.98%
Omegas-Soc. D'etuded du Gazoduc Magrheb-Europe	Morocco	0%	0%
OEINERGE - Agência Municipal de Energia e Ambiente	Portugal	1.45%	1.45%
Galp Eswatini (PTY), Ltd	Eswatini	0.01%	0.01%

Unit: €k

	Financial investments			Gain/(losses) related to financial investments		
	Acquisition cost	Impairment	Net Amount	Dividends	Other	Total
Investment in subsidiaries	4,018,358	-	4,018,358	318,948	-	318,948
Subsidiaries:						
Petrogal, S.A.	1,803,556	-	1,803,556	-	-	-
Galp Energia E&P, B.V.	1,729,883	-	1,729,883	195,646	-	195,646
Galp New Energies, SA	441,765	-	441,765	123,302	-	123,302
Galp Energia, S.A.	43,154	-	43,154	-	-	-

For comparative information please refer to the financial statements for the year ended 31 December 2019.

The difference of €232 k as of 31 December 2020, between the amount of dividends recorded in the income statement and the amount received in the statement of cash flows under the heading of dividends received, relates to exchange differences on the dividends received from the subsidiary Galp Energia E & P, B.V. and recorded under the heading "Exchange gains (losses)".

Notes to the financial statements as of 31 December 2020

10. Inventories

Not applicable.

11. Trade and other receivables

Accounting policies

Accounts receivable are initially recorded at the transaction value and subsequently measured at amortised cost, less any impairment losses, recognised as impairment losses on accounts receivable. The amortised cost of these assets does not differ from their nominal value or their fair value.

Trade and other receivables are derecognised when the contractual rights to the cash flow expire (i.e. they are collected), when they are transferred (e.g. sold) or when they are impaired.

Accounting estimates and judgments

Impairment of accounts receivable

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Trade receivables were grouped by business segment for the purposes of the assessment of expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the client's credit risk profile. The credit risk analysis is based on the annual default probability, and also takes into account the loss in the event of default. The default probability represents an annual probability of default, reflecting the current and projected information and taking into account macroeconomic factors, whereas the loss in the event of default represents the expected loss when a default occurs.

Accounts receivable are adjusted for management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

Credit Risk

For Credit Risk purposes, if wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Credit Risk assessment considers the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Wholesale customers' compliance with credit limits is regularly monitored by Management.

Sales to retail customers are required to be settled in cash or using major credit cards, thus mitigating the credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For further credit risk mitigation measures, guarantees and insurance policies for eventual credit defaults are a standard part of Company's overall risk policy.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Statement of cash flows

Trade receivables

Trade receivables as of 31 December 2020 and 2019 is detailed as follows:

Unit: €k

Current

	2020	2019
	989	1,045
Trade receivables (Note 28)	989	1,045
Ageing of trade receivables	989	1,045
Not yet due	978	1,033
Overdue between 181 days and 365 days		1
Overdue over 365 days	12	11

As mentioned in the policies above, trade receivables are grouped into shared credit risk characteristics and days past due. For the Company the credit risk level of accounts receivable is as follow:

Type	Exposure to risk
Not yet due	Low
Overdue up to 180 days	Medium
Overdue between 181 days and 365 days	High
Overdue over 365 days	Very High

Notes to the financial statements as of 31 December 2020

Other receivables

As of 31 December 2020 and 2019, Other receivables details are as follows:

Unit: €k

		2020		2019	
	Notes	Current	Non-current	Current	Non-current
		7,906	90	8,091	90
State and other public entities		46	-	46	-
Other receivables / other debtors		493	90	461	90
Suppliers' debit balances		111	-	88	-
Advances to suppliers		-	-	3	-
Personnel		104	-	86	-
Other		278	90	284	90
Related parties		702	-	1,694	-
Other receivables - related parties	28	702	-	1,694	-
Contract assets		4,581	-	3,740	-
Contract assets		4,581	-	3,740	-
Deferred charges		2,083	-	2,150	-
Other deferred charges		2,083	-	2,150	-
Impairment of other receivables		-	-	-	-

Notes to the financial statements as of 31 December 2020

12. Other financial assets

As of 31 December 2020 and 2019, Other financial assets details are as follows:

Unit: €k

	Note	2020		2019	
		Current	Non-current	Current	Non-current
		146,893	1,872,850	173,372	1,897,850
Financial assets at fair value through comprehensive income		-	350	-	350
Financial assets not measured at fair value - Loans	28	146,893	1,872,500	173,372	1,897,500

13. Cash and cash equivalents

Accounting policies

The amounts included in cash and cash equivalents correspond to cash values, bank deposits, time deposits and other cash investments with maturities less than three months, and which can be immediately mobilized with a risk of insignificant changes in value.

For the purposes of the statement of cash flow, cash and cash equivalents also include bank overdrafts recorded as loans and overdrafts in the statement of financial position.

As of 31 December 2020 and 2019, cash and cash equivalents details are as follows:

Unit: €k

	Notes	2020	2019
		10,645	44,536
Cash and cash equivalents	20	10,645	44,612
Bank overdrafts	14	-	(77)

Notes to the financial statements as of 31 December 2020

14. Financial debt

Accounting policies

Loans are recorded as liabilities at the nominal value received, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost.

Financial charges are calculated at the effective interest rate and recorded in the income statement on an accruals basis in accordance with each loan agreement.

Financial charges include interests and, eventually, commission expenses for structuring loans.

As of 31 December 2020 and 2019, debt details are as follows:

Unit: €k

		2020		2019	
	Notes	Current	Non-current	Current	Non-current
		531,308	3,119,373	246,057	2,368,729
Bank loans		31,308	715,828	246,057	547,039
Origination Fees		-	(228)	-	(325)
Loans and commercial paper		31,308	716,056	245,980	547,364
Bank overdrafts	13	-	-	77	-
Bonds and notes		500,000	2,403,545	-	1,821,690
Origination Fees		-	(9,440)	-	(6,341)
Bonds and notes		500,000	2,412,986	-	1,828,031

Statement of cash flows

Current and non-current loans and bonds, excluding origination fees and bank overdrafts, have the following repayment plan as at 31 December 2020:

Unit: €k

Maturity	Loans		
	Total	Current	Non-current
	3,660,350	531,308	3,129,042
2021	531,308	531,308	-
2022	471,056	-	471,056
2023	870,000	-	870,000
2024	682,986	-	682,986
2025 onward	1,105,000	-	1,105,000

Changes in debt during the period ended 31 December 2020 were as follow:

Unit: €k

	Opening balance	Loans obtained	Principal repayment	Changes in overdrafts	Foreign exchange rate differences and others	Ending balance
	2,614,786	2,590,000	(1,535,981)	(77)	(18,047)	3,650,681
Bank Loans:	793,096	1,490,000	(1,535,981)	(77)	97	747,136
Origination fees	(325)	-	-	-	97	(228)
Loans and commercial papers	793,344	1,490,000	(1,535,981)	-	1	747,364
Bank overdrafts	77	-	-	(77)	-	-
Bond and Notes:	1,821,690	1,100,000	-	-	(18,145)	2,903,545
Origination fees	(6,341)	-	-	-	(3,099)	(9,440)
Bonds	828,031	600,000	-	-	(15,045)	1,412,986
Notes	1,000,000	500,000	-	-	-	1,500,000

Statement of cash flows

The average cost of financial debt for 2020, including charges on bank overdrafts, amounted to 1.66%.

The bonds obtained during 2020 were as follow:

Unit: €k

Issuance	Due amount	Interest rate	Maturity	Reimbursement
	600,000			
Obrigações GALP Energia 2020/2025	100,000	Euribor 6M + spread	March '25	March '25
GALP Energia/2020 - 2023	100,000	Euribor 6M + spread	May '23	May '23
GALP Energia/2020 - EUR 150,000,000 floating rate notes due 20 april 2025	150,000	Euribor 6M + spread	April '25	April '25
GALP Energia/2020 - EUR 100,000,000 floating rate notes due september 2022	100,000	Euribor 6M + spread	September '22	September '22
GALP Energia/2020 - EUR 150,000,000 floating rate notes due 2024	150,000	Euribor 6M + spread	July '24	July '24

Additionally, during this period, the Company contracted new notes as detailed below:

Unit: €k

Issuance	Due amount	Interest rate	Maturity	Reimbursement
	500,000			
GALP Energia/2020-EMTN-EUR 500,000,000 fixed rate notes-15 jan.2026-SR.4	500,000	Fixed Rate 2%	January 2026	January 2026

During 2020 the Company simultaneously issued and repaid €1,490,000 k through commercial paper programs.

Notes to the financial statements as of 31 December 2020

15. Trade payables and other payables

Accounting policies

Trade payables and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually the amortised cost does not differ from the nominal value.

As of 31 December 2020 and 2019, trade payables and other payables, current and non-current, details are as follows:

Unit: €k

	Notes	2020		2019	
		Current	Non-current	Current	Non-current
Trade payables		1,372	-	884	-
Trade payables - current account		618	-	143	-
Trade payables - pending invoices		374	-	386	-
Trade payables - related parties	28	379	-	356	-
Other payables		599,487	2,106	530,130	2,112
State and other public entities		627	-	629	-
VAT Payables		336	-	336	-
Other taxes		291	-	293	-
Other payables / other creditors		152	-	143	-
Trade receivables credit balances		2	-	2	-
Personnel		125	-	116	-
Other		25	-	25	-
Related parties		565,789	-	502,934	-
Loans	28	65,787	-	502,932	-
Other payables/other creditors	28	500,002	-	2	-

Notes to the financial statements as of 31 December 2020

Unit: €k

	Notes	2020		2019	
		Current	Non-current	Current	Non-current
Accrued costs		32,701	2,106	26,123	2,112
External suppliers and services		1,714	-	13	-
Remuneration to be paid		989	2,106	1,786	2,112
Accrued interest		29,787	-	24,129	-
Other accrued costs		211	-	195	-
Deferred income		218	-	301	-
Other		218	-	301	-

16. Income Tax

Accounting policies

The Company and some subsidiaries have been taxed in accordance with the special regime for the taxation of groups of companies ("RETGS"). The Company is subject to Income Tax ("IRC"). Income tax is calculated based on the taxable results of the Company in accordance with the applicable tax rules.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for tax purposes.

Deferred tax assets and liabilities are calculated and reviewed periodically using the tax rates expected to be in force when the temporary differences revert.

Accounting estimates and judgments

Deferred tax assets

Deferred tax assets are recognised only when there is reasonable assurance that future taxable profits will be available against which the temporary differences can be used, or when there are deferred tax liabilities for which reversal is expected within the same period as that in which the deferred tax assets are reversed. Temporary differences underlying deferred tax assets are reviewed at each reporting date in order to recognise deferred tax assets that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Notes to the financial statements as of 31 December 2020

Deferred taxes are recorded in the income statement, except if they result from items recorded directly in equity. In this case the deferred tax is also recorded in equity.

Unit: €k

	Notes	Assets		Liabilities	
		2020	2019	2020	2019
		156,055	85,895	166,480	89,755
Group companies	28	-	75,021	166,480	63,778
Current income tax receivable / payable		-	75,021	166,480	63,778
State and other public entities		156,055	10,874	-	25,976
Current income tax receivable / payable		156,055	10,874	-	25,976

Taxes for the year ended 31 December 2020 and 2019 were as follow:

Unit: €k

	2020			2019		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Taxes for the year	6,539	-	6,539	7,115	-	7,115
Current income tax	6,834	-	6,834	6,677	-	6,677
Insufficiency / (excess) of income tax estimated	(295)	-	(295)	438	-	438

Notes to the financial statements as of 31 December 2020

The effective income tax rate reconciliation as of 31 December 2020 and 2019 is as follows:

Unit: €k

	2020	Rate	Income tax	2019	Rate	Income tax
Profit before tax:	343,966	21.00%	72,233	544,030	21.00%	114,246
Adjustments to taxable income:						
Dividends received		(19.47%)	(66,979)		(20.06%)	(109,112)
Insufficiency / (excess) of income tax estimated		(0.09%)	(295)		0.08%	438
Autonomous taxation		0.04%	151		0.02%	135
Surcharge – Regional and State		0.42%	1,431		0.26%	1,397
Other increases and deductions		(0.00%)	(2)		0.00%	11
Effective income tax rate		1.90%	6,539		1.31%	7,115

The movement of deferred tax assets for the period ended 31 December 2020 was as follows:

Unit: €k

	2020	2019
Deferred tax assets	180	180
Other	180	180

17. Retirement and other benefit obligations

Not applicable.

18. Provisions

Not applicable.

Notes to the financial statements as of 31 December 2020

19. Derivative financial instruments

Not applicable.

20. Financial assets and liabilities

Accounting policies

Galp classifies financial assets and liabilities into the following categories:

- Financial assets at fair value through other comprehensive income;
- Financial assets and liabilities carried at amortized cost;
- Financial assets and liabilities at fair value through profit or loss (derivatives).

Management determines the classification of its financial investments on initial recognition and re-evaluates it at the end of each reporting period if and only if there is a change in the business model. For financial liabilities such changes in classification are not allowed.

Recognition and measurement

Purchases and sales of financial instruments are recognised as at the trade date. Investments are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Derecognition of investments

Financial Assets are derecognised from the statement of financial position when the rights to receive cash flow from investments have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist mainly of equity investments. When these kinds of financial assets are derecognised, the gain or loss will be kept in equity. Dividends received are recognised in profit or loss.

Financial assets at amortized cost

Financial assets and liabilities at amortised cost are non-derivative financial assets which are held solely for payments of principal and interests (SPPI). If collection is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest rate method, less impairment.

Notes to the financial statements as of 31 December 2020

Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement. The fair value hierarchy has the following levels:

- Level 1 - the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 - the fair value of the assets or liabilities is determined through valuation models based on observable market inputs; and
- Level 3 - the fair value of the assets or liabilities is determined through valuation models, whose main inputs are not observable in the market.

Financial assets at amortised cost comprises trade receivables, other receivables net of impairments.

Financial liabilities at amortised cost are comprised of Trade payables, other payables and other payables - related parties.

Financial assets and liabilities as at 31 December 2020 and 2019 are detailed as follows:

Unit: €k

	Notes	2020	2019
Financial assets by category		2,037,243	2,122,862
Financial assets at fair value through other comprehensive income	12	350	350
Financial assets not measured at fair value	11 and 12	2,028,378	2,080,098
- less deferred costs, guarantees and tax receivable		(2,129)	(2,198)
Cash and cash equivalents	13	10,645	44,612

Unit: €k

	Notes	2020	2019
Financial liabilities by category		4,252,976	3,147,083
Financial liabilities measured at fair value through profit or loss - Derivatives		-	-
Financial liabilities not measured at fair value	6, 14 and 15	4,253,821	3,148,013
- less deferred income, guarantees and tax payables		(845)	(930)

Notes to the financial statements as of 31 December 2020

21. Financial risk management

The Company is exposed to several market risks inherent to the Company's activities. Detailed information about these risks and impacts on Galp Group is explained in Note 21 of the notes to the Consolidated financial statements.

22. Capital structure

Share capital

The share capital of Galp Energia is comprised of 829,250,635 shares, with a nominal value of 1 Euro each and fully subscribed. Of these, 771,171,121 (93% of the share capital), are traded in the Euronext Lisbon stock exchange. The remaining 58,079,514 shares, representing some 7% of the share capital, are indirectly held by the Portuguese State through Parpública – Participações Públicas, SGPS, S.A. and are not available for trade.

At 31 December 2020, the Company has recorded €82,006 k in equity, referring to share premium. The total of share capital and share premium is €911,257 k.

The Company's shareholder structure as of 31 December 2020 was as follows:

Shareholders	Nr. of shares	% of capital	% of voting rights
Amorim Energia B.V.	276,472,161	33.34%	33.34%
Parpública - Participações Públicas, SGPS, S.A.	62,021,340	7.48%	7.48%
Free-float	490,757,134	59.18%	59.18%
Total	829,250,635	100.00%	100.00%

Other reserves

In accordance with the Company deeds and Commercial Law ("Código das Sociedades Comerciais - CSC"), the Company must transfer a minimum of 5% of its annual net profit to a legal reserve until the reserve reaches 20% of share capital. The legal reserve cannot be distributed to the shareholders but may, in certain circumstances, be used to increase capital or to absorb losses after all the other reserves have been considered.

As of 31 December 2020 and 2019, Other reserves details are as follows:

Unit: €k

	2020	2019
	193,828	193,828
Legal reserves	165,850	165,850
Available reserves	27,977	27,977

Notes to the financial statements as of 31 December 2020

On 31 December 2020 and 2019, the legal reserve is fully provided for in accordance with the commercial legislation.

Dividends

In accordance with the resolution of the General Shareholders' Meeting held on 24 April 2020, the shareholders of Galp Energia, SGPS, SA were assigned dividends in the amount of €580,476 k, €536,915 k relating to the distribution of net income for the year 2019 and €43,561 k related to retained earnings, corresponding to a dividend of €0.7 per share. Of this amount €262,251 k were paid to shareholders in 10 September 2019 and €318,225 k in 21 May 2020.

23. Revenue and Income

Accounting policies

Revenue is recognised in the income statement when Galp has satisfied a performance obligation by transferring the promised products or services to the customer. The product is transferred when the customer obtains control of the same. Sales are measured at the fair value of the consideration received or receivable. Sales are recognised net of taxes with the exception of tax on petroleum products, discounts and rebates. Cost and income are recorded at the period they occurred, regardless of the date of payment or receipt. Costs and income whose actual value is not known are estimated.

The "Other receivables" and "Other payables" captions include the income and costs from the current period for which the financial receipt or disbursement will only occur in future periods, as well as financial receipts or disbursements that have already occurred, relating to future periods, and that will be charged to the income statement in the respective periods.

Exchange differences arising from supplier and customer balances are recognised in operating results.

Revenue and income for the years ended 31 December 2020 and 2019 were as follows:

Unit: €k

	Notes	2020	2019
		388,010	603,582
Services rendered		9,680	10,198
Other operating income		283	169
Supplementary income		283	169
Earnings from associates and joint ventures	9	318,948	519,579
Financial income	26	59,100	73,636

Notes to the financial statements as of 31 December 2020

24. Cost and Expenses

The costs and expenses for the years ended 31 December 2020 and 2019 were as follow:

Unit: €k

	Notes	2020	2019
Total costs:		44,044	59,552
External suppliers and services:		3,956	3,842
Other specialized services		1,917	2,003
Travel and accommodation		293	444
Other costs		1,747	1,395
Employee costs	25	8,653	9,525
Amortisation, depreciation and impairment losses on fixed assets	4 and 6	61	46
Other costs:		846	635
Other taxes		553	528
Other operating costs		293	108
Financial costs	26	30,529	45,505

25. Employee costs

Accounting policies

Employee costs

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the respective services are rendered by Company's employees.

During the year ended at 31 December 2020 and 2019, the employee costs were as follows:

Unit: €k

	Notes	2020	2019
Total employee costs for the year		8,653	9,525
Statutory board salaries		6,558	7,185
Employee salaries		798	668
Social charges - statutory boards		1,115	1,089
Social charges - employees		9	17
Other insurance		116	385
Other costs		56	180
Remuneration of the Board Members		6,558	7,185
Salaries		5,179	5,239
Cash bonuses		897	1,477
Allowances		482	469
Other charges and adjustments		1,115	1,089

Notes to the financial statements as of 31 December 2020

26. Financial income and expenses

Accounting policies

Financial income and expenses include interest on external loans, related party loans, leasing and retirement and other benefit plans. Other financial income and expenses from other financial assets or liabilities are not included in this caption.

The financial charges on loans obtained are recorded as financial expenses on an accrual's basis.

Financial charges arising from general and specific loans obtained to finance investments in fixed assets are assigned to tangible and intangible assets in progress, in proportion to the total expenses incurred on those investments net of investment government grants, until the commencement of its operations. The remainder is recognised under the heading of financial expenses in the income statement for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised.

Those financial charges included within fixed assets are depreciated over the useful lives of the respective assets.

Unit: €k

	Notes	2020	2019
		28,571	28,132
Financial income:		59,100	73,636
Interest on bank deposits		-	197
Interest and other income with related companies	28	59,100	73,439
Financial expenses:		(30,529)	(45,505)
Interest on bank loans, overdrafts and others		(45,291)	(39,287)
Interest on related party loans	28	(1,575)	(5,297)
Interest on lease liabilities	6	(5)	(3)
Net exchange gains/(losses)		18,622	(113)
Other financial costs		(2,280)	(805)

27. Contingent assets and contingent liabilities

Accounting policies

Contingent assets and contingent liabilities arise from unplanned or unexpected events that may cause economic inflows or outflows of the Company. The Company does not reflect these assets and liabilities on

Notes to the financial statements as of 31 December 2020

the financial statements as they may not become effective. Contingent assets and contingent liabilities are disclosed in the notes to the financial statements.

As part of its ongoing business operations, the Company has entered into agreements where commitments have been given for commercial, regulatory or other operational purposes. As at 31 December 2020 and 2019 obligations subject to collaterals granted are as follows:

Unit: €k

Total of guarantees provided	3,348,942	3,606,208
Venture Global, LLC	1,629,859	1,780,310
Charter Agreement FPSO	1,184,093	1,293,395
Coral South FLNG project	302,943	299,252
Cercena Investments, S.L.U.	178,259	178,259
Direção Geral Impostos/Direção Geral do Tesouro (Government entities)	35,686	35,686
Oil Insurance Limited	11,087	16,646
REN - Rede Elétrica Nacional	1,650	1,650
Governments of Rep. Dem. de Timor-Leste, São Tomé e Príncipe and Namibia	4,890	534
Tax authorities	473	473
APL - Administração Porto de Lisboa (Lisbon Port Administration)	3	3

Under the contract established in April 2018, with Venture Global LLC related to the LNG Sales and Purchase Agreement, Galp provided a guarantee in the total amount of the contract (USD 2 bn).

Related to the four charter agreements for FPSOs, Galp provided a guarantee in the amount of USD 1,293,395 k, in the name of Tupi, B.V., which represents Galp's proportion of the BM-S-11 consortium.

Under the financing of the Coral South FLNG project, Galp Energia SGPS S.A. shall provide a guarantee, the Debt Service Undertaking (DSU) agreement, on the total outstanding amount at each moment in proportion to its participation.

This guarantee expires at the time of the Actual Completion Date (estimated for the year 2024) if no obligations are outstanding under the DSU. As of 31 December 2020, Galp's stake in the obligation amounted to €302,943 k. Also, within the scope of this financing, Galp Energia SGPS S.A. provides a guarantee covering 1/9 of the DSU on behalf of ENH Empresa Nacional de Hidrocarbonetos (ENH), one of consortium members of the Coral South FLNG project, which corresponds to Galp's share of the consortium, excluding ENH. As of December 31, 2020, Galp's stake in the responsibility taken on in relation to ENH amounted to €33,660 k.

To fulfil Galp's strategy of investing in renewable energy sources, the Group has entered into a Power Purchase Agreement with Cercena Investments, for which Galp has provided comfort letter on behalf of Galp Energia España, in the amount of €178,259 k.

Notes to the financial statements as of 31 December 2020

28. Related party transactions

Accounting policies

A related party is a person or entity that is related to the entity preparing its financial statements, as follows:

a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity; (v) The entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the financial statements as of 31 December 2020

The balances and transactions with related parties as at 31 December 2020 are detailed as follows:

Unit: €k

	Total				Current	Non-current
		Trade receivables (Note 11)	Loans granted (Note 12)	Other receivables (Note 11)	Accruals and deferrals	Loans granted (Note 12)
Assets:	2,025,665	989	146,893	702	4,581	1,872,500
Group companies	2,025,644	981	146,893	690	4,581	1,872,500
Joint ventures and associates	21	8	-	13	-	-

For comparative information, please refer to the financial statements for the year ended 31 December 2019.

Unit: €k

	Total					Current
		Trade payables (Note 15)	Loans obtained (Note 15)	Other payables (Note 15)	Current income tax payables (Note 16)	Accruals and deferrals
Liabilities:	732,892	379	65,787	500,002	166,480	244
Group companies	735,767	379	65,787	500,000	169,360	241
Joint ventures and associates	(2,880)	-	-	-	(2,880)	-
Other related parties	5	-	-	2	-	3

For comparative information, please refer to the financial statements for the year ended 31 December 2019.

Notes to the financial statements as of 31 December 2020

Unit: €k

	Operating expenses	Operating income	Financial expenses (Note 26)	Financial income (Note 26)
Transactions:	(1,192)	9,843	(1,575)	59,100
Group companies	(775)	9,771	(1,575)	59,100
Other related parties	(418)	72	-	-

For comparative information, please refer to the financial statements for the year ended 31 December 2019.

29. Information regarding environmental matters

Not applicable.

30. Subsequent events

There was no subsequent event after 31 December 2020 with relevant impact in these financial statements.

31. Approval of the financial statements

The financial statements were approved by the Board of Directors on 19 March 2021.

32. Explanation regarding translation

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

Notes to the financial statements as of 31 December 2020

The Board of Directors

Chairman

Paula Amorim

Vice-Chairman

Miguel Athayde Marques

Andrew Richard Dingley Brown

Members

Filipe Crisóstomo Silva

Thore E. Kristiansen

Carlos Costa Pina

José Carlos Silva

Sofia Tenreiro

Susana Quintana-Plaza

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Accountant

Paula de Freitas Gazul

Ernst & Young
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((Translation from the original document in the Portuguese language.

In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Galp Energia SGPS S.A. (the Entity), which comprise the Statement of financial position as at 31 December 2020 (showing a total of 6,214,139 thousands of euros and a total equity of 1,793,839 thousands of euros, including a net profit for the year of 337,427 thousands of euros), and the Income statement and statement of comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Galp Energia SGPS S.A. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

1. Recoverability of Financial investments in subsidiaries and associate companies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2020, Investments in subsidiaries and associates recognized in the separate financial statements of Galp Energia, SGPS, S.A. amounts to 4,018,358 thousand of euros. Investments in subsidiaries and associates are recorded at the acquisition cost net of impairment losses, being the impairment evaluated at the balance sheet date, to detect the existence of indicators of possible impairment losses. If indicators have been identified, the recoverable amount of the asset is determined using a discounted cash flow model. Inputs for the cash flow model are based on past performance and economic and market development expectations for each of the investments, based on cash flow projections, discount rates and growth rates in the perpetuity. The impairment risk of investments in subsidiaries and associates was considered a Key Audit Mater due to the significance of the carrying amount in the total assets, as well as the complexity and judgment inherent in the model adopted for the impairment assessment, particularly in an environment significantly impacted by the Covid-19 pandemic	Our audit procedures included: ► We assess the existence of impairment indicators in the valuation of investments in subsidiaries and associates, based on internal and external sources that would translate into potentially negative impacts for the performance of each of the subsidiaries and associates ► We compared the shareholders' equity of subsidiaries and associates with the value in use calculated according to the valuation models prepared by management, with the carrying amount; ► We obtained and analyzed impairment tests prepared by management, when applicable, in relation to the most significant assets of the Investments in Subsidiaries and Associates, including the consistency with the business plans that were approved by the Board of Directors of Galp Energia SGPS, S.A.; ► We analyzed, with the support of valuation specialists, the assumptions and methodologies used by management, namely the model used for testing, discount rates and growth rates in perpetuity; ► Validated the mathematical accuracy of the model; and ► We performed an evaluation of the reasonability of impairment loss amounts recognized by the Entity in relation to investments in Subsidiaries and Associates. Additionally, we have verified the accuracy of the applicable disclosures (IAS 27 and IAS 36), included in notes 2 and 9 of the financial statements.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- the preparation of financial statements that presents a true and fair view of the Entity´s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union;
- the preparation of the Integrated Management report and the Corporate Governance Report, in accordance with the applicable legal and regulatory requirements;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity´s ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, which measures have been taken to eliminate the threats or which safeguards have been applied.

Our responsibility includes the verification of the consistency of the Integrated Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code in matters of corporate governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Integrated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Integrated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and the assessment over the Entity, we have not identified any material misstatement.

On the Corporate Governance Report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate Governance Report, includes the information required the Entity to provide as per article 245-A of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and m) of the nº1 of the referred article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Entity for the first time in the shareholders' general meeting held on 12 April 2019 for a mandate from 2019 to 2022.
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity on 19 March 2021;
- We declare that we have not provided any prohibited services as described in article 77, nr. 8, of the Statute of the Institute of Statutory Auditors, and we have remained independent of the Entity in conducting the audit; and
- We declare that, in addition to the audit, we provided the Entity with the following services as permitted by law and regulations in force:
  - Limited review on the interim financial statements;
  - Comfort letter issuance related with the update of the EUR 5,000,000,000 Euro Medium Term Note Programme by Galp Energia, SGPS, S.A.; and
  - Independent reasonable assurance report on financial ratios.

Lisbon, 19 March 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

Rui Abel Serra Martins - ROC n.º 1119
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Cautionary statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, including with respect to energy transition, carbon intensity reduction or carbon neutrality. An ambition expresses an outcome desired or intended by Galp, it being specified that the means to be deployed may not depend solely on Galp. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management's expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such those statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Galp to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements may generally be identified by the use of the future or conditional tense or the use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "envision", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp's management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments' performance with those of its competitors. This document also contains non-financial performance indicators, including a carbon intensity indicator for energy products sold by Galp, that measures the amount of greenhouse gas emissions of those products, from their production to their end use, per unit of energy delivered. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchased (scope 2), as well as the emissions associated with the use of products by Galp's costumers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp's website at galp.com.

Galp and its respective representatives, agents, employees or advisers do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this document to reflect any change in events, conditions or circumstances. This document does not constitute investment advice nor forms part of and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of Galp or any of its subsidiaries or affiliates in any jurisdiction or an inducement to engage in any investment activity in any jurisdiction.

Part IV - Appendixes 2020

Leading today's energy into our future



galp

1.

Consolidated non-financial information

Pursuant to Article 508-G of the Portuguese Code of Commercial Companies (in accordance with the provisions of Directive 2014/95/EU of the European Parliament and the European Council, relating to the disclosure of non-financial and another information, transferred to Portuguese law through Decree-Law No. 89/2017 of 28 July) and the model for reporting non-financial information by issuers of securities admitted to trading on a regulated market presented by CMVM.

Part I – Information on adopted policies	
A. Introduction	
Description of the Company's general policy on matters of sustainability, indicating any changes as compared to those previously approved.	Galp believes in an integrated approach to creating sustainable value, through anticipating risks, maximizing opportunities and creating solid relationships with stakeholders. The principles of sustainability and good practices in this regard are incorporated into Galp's strategy, culture and values. The work performed by Galp is guided by the high standards of safety and quality, and by the guarantee of the economic, environmental and social sustainability of the company. Galp's performance is thus guided by a set of environmental, social and governance policies that promote the adoption of best practices in each matter and the creation of sustainable and long-term value. Galp has its own sustainability governance model and a Sustainability Committee, whose mission is to support the Board of Directors in integrating sustainability principles into the Galp Group management process.
Description of the methodology and reasons for its adoption in the reporting of non-financial information, as well as any changes that have occurred in relation to previous years and the reasons that motivated them.	Galp's non-financial information report is intended to provide a global, transparent and rigorous view of the processes through which Galp creates economic, environmental and social value. The disclosure of non-financial information is in line with the applicable rules and globally recognised guidelines, namely: • Rules pertaining to the reporting of non-financial information introduced by Decree-Law No. 89/2017 of 28 July (this appendix); • the International Integrated Reporting Council (IIRC) guidelines for integrated reporting; • the Global Reporting Initiative (GRI) guidelines, GRI Standards version, in the "Agreed - Comprehensive" option, including the Oil & Gas sector supplement guidelines relating to the sustainability report; • the Sustainability Accounting Standards Board (SASB) for Oil and Gas (Exploration & Production, Midstream and Refining and Marketing Standards);

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
	• the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board (FSB) concerning disclosure of climate-related financial risks; • the United Nations Global Compact (UNGC) principles on sustainability information; • the World Economic Forum, Measuring Stakeholder Capitalism metrics and disclosures; • the Sustainable Development Goals, and • the inclusion, materiality, responsiveness and impact principles in the AA1000 Account Ability Principles Standard (AA1000AP 2018) regarding sustainability information.

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
	Galp's material aspects are all those that can significantly interfere with the ability to generate value for the Company and its stakeholders. Its identification is a continuous, robust and mature process at Galp, which guides the Company in understanding the main challenges and opportunities it faces, ensuring strategic alignment and communication with the most important aspects. Galp's non-financial information is publicly presented, and subject to third-party verification, in the company's annual integrated report, on the company's website and other relevant communication media, as is the case of the document 2020 Non-financial Information - GRI Standards.
B. Business model	
General description of the business model and organisational structure of the Company/Group, indicating the main business areas and markets in which it operates	Galp has an organic structure based, at the operational level, on four business units: Upstream, Midstream, Commercial, and Renewables and New Business. Galp operates in the following markets: Portugal, Spain, Brazil, Mozambique, Angola, Namibia, Cape Verde, Guinea-Bissau, São Tomé and Príncipe, Eswatini and East Timor. For more information, see Part III of this report – Integrated Management Report – "Notes to the consolidated financial statements of 31 December 2020" and the Galp website https://www.galp.com/corp/en/about-us/what-we-do and https://www.galp.com/corp/en/about-us/global-presence
C. Main risk factors	
1. Identification of the main risks associated with the matters subject to reporting and arising from the Company's activities, products, services or business relationships, including, if applicable and whenever possible, supply chains and subcontracting. 2. Indication of how these risks are identified and managed by the Company. 3. Explanation of the internal functional division of competencies, including corporate bodies, committees, commissions or departments responsible for risk identification and management/monitoring.	Information available for consultation in section 53 of Part II of this report - Corporate Governance Report (description of the main risks to which the Company is exposed in executing its activity).

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
4. Express indication of the new risks identified by the Company compared to what was reported in previous years, as well as the risks that ceased to be.	
5. Indication and brief description of the main opportunities that are identified by the Company in the context of the matters subject to reporting.	
E. Implemented policies	
Description of the policies: i. environmental, ii. social and tax, iii. regarding workers and gender equality and non–discrimination, iv. regarding human rights and v. regarding combating corruption and bribery in the Company, including the policies of due diligence and the results of their application, including related key non-financial performance indicators, and comparison with the previous year.	Galp is committed to efficiently and transparently managing all matters related to risk management and impacts of its activities (whether environmental, social, tax or governance). In this regard, Galp has developed a set of Policies that govern its performance and that enable the sustainable management of the business and the establishment and fulfilment of challenging objectives and goals. Health, Safety and Environmental Policy Through the Health, Safety and Environment Policy, Galp undertakes to integrate synergistically aspects related to safety, health and the environment in its strategy and to ensure the proper management of the same, with the clear goal of acting responsibly, and thereby reducing negative possible impacts and maximizing the positive effects of its activities. Specific Health, Safety and Environmental Requirements This Regulation defines the requirements in the area of health, safety and environment (HSE) that must be met in decision-making, throughout the life cycle of the projects, in order to ensure the protection of people, environment and assets. The Regulation presupposes the HSE risk assessment and is aligned with Galp's Health, Safety and Environment Policy and its commitments. Climate Change Policy Galp considers it essential to promote and contribute to meeting the energy needs of the future, in strict cooperation with the goals proposed to combat climate change. In this regard, and aware that this is truly a challenge for the future, Galp updates its Climate Change Policy in line with its commitment to follow good market practices and trends in this regard. Code of Ethics and Conduct

1. **Consolidated non-financial information**

Part I – Information on adopted policies

Galp's Code of Ethics and Conduct is a guide for the company's actions, its people and business partners, which outlines Galp's fundamental ethical guidelines regarding its actions and which it establishes, for each of the principles outlined herein, commitments, responsibilities and good practices.

Human Rights Policy

Conscious that Human Rights are inherent to the human condition, Galp undertakes to support their defence and promotion, in all the geographical regions and contexts in which it operates.

Corporate Social Responsibility Policy

For Galp, corporate social responsibility is a fundamental dimension of management. This Policy, applicable to the various contexts and regions in which Galp operates, establishes goals and behaviours expected throughout the value chain and in its relationship with stakeholders.

Tax Policy

Through its Tax Policy, Galp is committed to monitoring the evolution of best practices in tax matters, and this policy establishes Galp's recognition of the importance of adopting and implementing the best international practices in terms of tax transparency.

Community Investment Policy

As a reference company in the energy sector, present in various regions, Galp undertakes to be an essential partner in the community where it exercises its activity, with the goal of promoting its social and economic development, in line with its strategy.

2020 Equality Plan

Galp, in its 2020 Equality Plan, is dedicated to the goals, measures and practices implemented in 2019 and to implementing gender equality in 2020. This Plan is updated annually.

2021 Equality Plan

Galp, in its 2021 Equality Plan, is dedicated to the goals, measures and practices implemented in 2020 and to implementing gender equality in 2021. This Plan is updated annually.

Diversity Policy in Administration and Audit Bodies

1. **Consolidated non-financial information**

Part I – Information on adopted policies

Galp recognises, in its Diversity Policy in Administration and Audit Bodies, the benefits of diversity within its management and audit bodies as a way of ensuring greater balance in its composition, improving the performance of its members, strengthening the quality of the processes of decision making and control, avoiding the effect of group thinking and contributing to the sustainable development of the Company.

Corruption Prevention Policy

In the Corruption Prevention Policy, Galp lists the guidelines for preventing the risk of corruption in the Group. The commitment assumed by Galp in this context also presupposes the monitoring and continuous improvement of good practices in this matter.

Corruption Prevention Rule

Galp's Corruption Prevention Rule establishes rules and procedures to prevent, detect and respond to the risk of corruption in the Galp Group, achieving and developing that established in the Code of Ethics and Conduct and the Corruption Prevention Policy, in line with Galp's values, the legal and regulatory obligations to which Galp and its employees are subject, the specific corruption risks Galp faces in furtherance of its activities in the various regions where it operates, and the expectations of its stakeholders.

Policy for the Prevention of Money Laundering and Terrorist Financing

Galp considers it essential to prevent, detect and respond to the risks of exposure to money laundering and terrorist financing within the scope of its transactions with third parties. In this regard, a Policy for the Prevention of Money Laundering and Terrorist Financing was implemented, which lists Galp's commitments to combat the transformation of funds from criminal origin into legal resources through the financing mechanisms of a money laundering organisation.

Prevention of Money Laundering and Terrorist Financing Rules

Galp's Money Laundering and Terrorism Financing Prevention Rule establishes rules aimed at preventing, detecting and responding to the risks of exposure to money laundering and terrorist financing, achieving that established in the Code of Ethics and the Prevention of Money Laundering and Terrorist Financing. Amongst the various duties instituted by the Rule is the general duty of employees of the Galp Group or third parties acting on its behalf not to enter transactions with counterparties whose intention may be to conceal or disguise the illicit origin, source, location, or disposal or movement of capital, goods or products, in violation of applicable money laundering prevention laws.

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
	Key Indicators and Results See the following sections of Part I of this report – Integrated Management Report: • 1.2. Value Creation Model • 1.4. Contribution to Sustainable Development Goals • 5. The Journey to a Sustainable Future
Environmental policies	
1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.	Galp provides, in its strategic plan, a set of environmental and climatic strategic goals. In 2020, the definition of long-term goals to reduce carbon emissions stands out: alignment of the portfolio with the vision of carbon neutrality in Europe by 2050 and reduction of carbon emissions from activities by at least 15% by 2030 (2017 as a reference year). See the following sections of Chapter 5 Part I of this report - Integrated Management Report: • 5.2 Transformation with responsibility • 5.3 Approach to climate change • 5.5 Reducing the ecological footprint Available through the Sustainability Channel of the Galp website is the document "Goals and Objectives", which contains Galp's main commitments and goals regarding the Environment.
2. Description of the main defined performance indicators.	See the following sections of Chapter 5 Part I of this report - Integrated Management Report: • 5.3 Approach to climate change • 5.5 Reducing the ecological footprint Available through the Sustainability Channel of the Galp website is the document "2020 Non-Financial Information - GRI Standards", which consists of the main environmental performance indicators and the Interactive Indicators.
3. Indication, compared to the previous year, of the degree of achievement of those goals.	See the following sections of Chapter 5 Part I of this report - Integrated Management Report: • 5.3 Approach to climate change

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Part I – Information on adopted policies	
	• 5.5 Reducing the ecological footprint Available through the Sustainability Channel of the Galp website https://www.galp.com/corp/en/sustainability/reporting/documents is the document "Objectives and Goals", which contains Galp's main commitments and goals in Environmental matters.
Social and tax policies	
1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.	In its strategic plan, Galp provides a set of strategic social objectives, aimed at creating value and its distribution, directly and indirectly, by the company. See the following sections of Part I of this report - Integrated Management Report: • 1.4. Contribution to Sustainable Development Goals • 5.2 Transformation with responsibility • 5.4 People at the centre • 5.6 Developing a conscious business See also: • Galp´s Tax Policy • Information on dialogue with Stakeholders at https://www.galp.com/corp/en/sustainability/our-commitments/engagement-with-stakeholders/dialogue-with-stakeholders The document "Objectives and Goals", which contains Galp's main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website https://www.galp.com/corp/pt/sustentabilidade/reporting/documentos .
2. Description of the main defined performance indicators.	See the following sections of Part I of this report - Integrated Management Report: • 1.4. Contribution to Sustainable Development Goals • 5.4 People at the centre • 5.6 Developing a conscious business See the following sections of Part IV – Appendices of this report - Integrated Management Report: • Supplementary Oil and Gas information • Report on payments to public administrations

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
	Available through the Sustainability Channel of the Galp website https://www.galp.com/corp/pt/sustentabilidade/reporting/documentos, is the document "2020 Non-Financial Information - GRI Standards", which contains the key social performance indicators and the Interactive Indicators.
3. Indication, compared to the previous year, of the degree of achievement of those goals	See the following sections of Chapter 5 Part I of this report - Integrated Management Report: • 5.4 People at the centre • 5.6 Developing a conscious business The document "Objectives and Goals", which contains Galp's main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website https://www.galp.com/corp/en/sustainability/reporting/documents
Employees and gender equality and non-discrimination	
1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.	Galp positions itself as a competitive and fair employer, its values guided by principles of diversity, equal opportunity and training. See the following sections of Part I of this report - Integrated Management Report: • 5.2 Transformation with responsibility • 5.4 People at the centre • 5.6 Developing a conscious business Available through the Sustainability Channel of the Galp website https://www.galp.com/corp/pt/sustentabilidade/reporting/documentos is the document "Objectives and Goals", which contains Galp's main commitments and goals in Social matters, and the 2021 Equality Plan.
2. Description of the main defined performance indicators.	See the following sections of Part I of this report - Integrated Management Report: • 1.4. Contribution to Sustainable Development Goals • 5.4 People at the centre • 5.6 Developing a conscious business The document "2020 Non-Financial Information - GRI Standards", which contains the main social performance indicators and the Interactive Indicators is available through the Sustainability Channel.

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
	For more information, see Part II of this report – Corporate Governance Report and the Galp website about the remuneration of directors.
3. Indication, compared to the previous year, of the degree of achievement of those goals	See the following sections of Chapter 5 Part I of this report - Integrated Management Report: • 5.4 People at the centre • 5.6 Developing a conscious business The document "Objectives and Goals" is available at the Sustainability Channel and contains Galp's main commitments and goals in Social matters, and the 2021 Equality Plan, which includes the measures implemented in 2020. For more information, see Part II of this report – Corporate Governance Report and the Galp website about the compensation policy.
Human rights	
1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.	Galp's commitments in this matter are established in the Human Rights Policy, which is aligned with Internationally recognised Human Rights standards, namely the 10 principles of the United Nations Global Compact, the Universal Declaration of Human Rights of the United Nations, as well as the Code of Conduct of the International Labour Organisation (ILO) and with regard to the Rights of Indigenous Peoples (ILO 169 and IFC PS7). Additionally, Galp is a signatory of the CEO Guide on Human Rights, of BCSD Portugal and a member of the Voluntary Principles on Security and Human Rights organisation. See the following sections of Part I of this report - Integrated Management Report: • 5.2 Transformation with responsibility • 5.6 Developing a conscious business The document "Objectives and Goals", which contains Galp's main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website https://www.galp.com/corp/en/sustainability/reporting/documents Galp's commitments on human rights are available through the Corporate Governance Channel at the Galp website galp.com/corp/en/corporate-governance/ethics-and-conduct/human-rights

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
2. Description of the main defined performance indicators.	See the following sections of Part I of this report - Integrated Management Report: • 1.4. Contribution to Sustainable Development Goals • 5.6 Developing a conscious business
3. Indication, compared to the previous year, of the degree of achievement of those goals	Refer to section 5.6 Developing a conscious business, of Part I of this report – Integrated Management Report. For more information about the human rights assessments performed in 2020 by Galp, please consult the "Operational Human Rights Assessment – Status Report" available at the Galp website
Fighting corruption and bribery attempts	
Prevention of corruption: measures and instruments adopted to prevent corruption and bribery; policies implemented to dissuade these practices together with workers and suppliers; information about the compliance system indicating the respective responsible officials, if any; indication of legal proceedings involving the Company, its administrators or employees related to corruption or bribes; measures adopted at the public procurement site, if relevant.	As part of the assessment process of any new potential investment in a different region, Galp assesses the risks of corruption associated with the socio-economic context of the region in question. Galp also performs due diligence procedures regarding its business and social partners, service providers and the most relevant suppliers before entering into transactions with them, to ensure that such entities also follow appropriate and effective policies and procedures related to the prevention of corruption and bribery. In 2020, 213 counterparties were assessed through in-company integrity audit systems. In seven cases, significant risks were identified and, therefore, the interactions with the counterparties in question have been cancelled. Nine hundred and sixty-one (961) assessments were also conducted prior to making and/or receiving offers involving Galp employees through Galp's electronic offer registration platform.
Prevention of money laundering (for issuers subject to this regime): information about measures to prevent and combat money laundering.	In 2020, Galp's Money Laundering and Terrorist Financing Prevention Rule was published, which establishes rules and procedures aimed at preventing, detecting and responding to the risks of exposure to money laundering and terrorist financing. Amongst the various duties established in the Rule, is the duty of Galp Group employees or third parties acting on their behalf not to enter into transactions with counterparties whose intention may be to conceal or disguise the illicit origin, source, location, or disposal or movement of capital, goods or products, in violation of the applicable money laundering prevention laws. Other GALP activities are covered by applicable legislation (including real estate transactions and cash payments) and procedures implemented to deal with risks of money laundering prevention in this particular area.

1. **Consolidated non-financial information**

Part I – Information on adopted policies	
Codes of Ethics: indication of any code of ethics to which the Company has adhered or implemented; indication of the respective mechanisms for implementation and compliance monitoring of the same, if applicable.	Code of Ethics and Conduct Galp's Code of Ethics and Conduct is a guide for the actions of the company, its people and business partners, which outlines the fundamental ethical guidelines of Galp's actions and that establishes, for each of the principles listed therein, commitments, responsibilities and good practices. Reporting Irregularities Rule – Ethics Line Through the ethics line opentalk@gap.com, Galp promotes the reporting, on a confidential basis, of any knowledge or substantiated suspicion of the occurrence of irregularities or circumstances of non-compliance in relation to the Code of Ethics and Conduct or other Galp Policies and Regulations. Conduct and Ethics Committee Galp's Ethics and Conduct Committee, an in-company and independent body that reports to the Audit Board, is responsible for monitoring the implementation of the aspects set out in the Code of Ethics and Conduct, for clarifying doubts about its application and for processing the information transmitted through the Ethics Line. Regulations of the Ethics and Conduct Committee This Regulation establishes the competencies, duties, and rules of operation of the Galp Ethics and Conduct Committee. Information is available in section II of point C) of the 2020 Corporate Governance Report and through the Corporate Governance Channel of the Galp website https://www.galp.com/corp/en/corporate-governance/ethics-and-conduct/reporting-of-irregularities regarding the irregularities' communication channel
Conflict of Interest Management: measures for managing and monitoring conflicts of interest, namely the requirement to subscribe to statements of interest, incompatibilities and impediments by managers and employees.	Conflict of Interest Management Rule The Conflict of Interest Management Rule describes the set of in-company control rules and procedures adopted by Galp in order to prevent conflicts of interest. Reporting Irregularities Rule – Ethics Line If employees are in a situation where their personal interests conflict, or may conflict, with their professional duties at Galp, they must report such a situation through Galp's electronic conflict of interest registry. If employees are aware of a conflict of interest that is a risk to Galp and they have substantiated suspicions that have not been reported to the Ethics and Consultation Committee, the employees must report the information through the ethics line opentalk@galp.com.

2.

Suplementary oil and gas information (not audited)

The following information is presented in accordance with Extractive Activities - Oil & Gas (Topic 932) of the Financial Accounting Standards Board (FASB).

Operating income from E&P activities

Operating income from E&P activities by geography, for the years 2020, 2019 and 2018 are as follows:

unit: €k

	Africa	Latin America	Rest of the world	Total
31 December 2020				
Consolidated total contribution				
Sales	168,429	1,285,581	-	1,454,010
Production costs	(35,649)	(39,102)	-	(74,751)
Royalties	-	(137,990)	-	(137,990)
Other operating costs	(4,533)	(75,689)	(31)	(80,253)
Exploration costs	(4,784)	(111,718)	(225)	(116,726)
Depreciation, amortisation and provisions for the period	(146,610)	(451,575)	(4,406)	(602,591)
Operating income before tax for the E&P activities	(23,146)	469,506	(4,661)	441,700
Taxes	(13,115)	(334,704)	1,398	(346,421)
Operating income for the E&P activities	(36,260)	134,802	(3,263)	95,279
31 December 2019				
Consolidated total contribution				
Sales	244,773	1,987,260	-	2,232,033
Production costs	(28,213)	(55,761)	-	(83,974)
Royalties	-	(194,276)	-	(194,276)
Other operating costs	(5,703)	(90,375)	(26)	(96,105)
Exploration costs	(16,601)	(23,701)	-	(40,302)
Depreciation, amortisation and provisions for the period	(239,893)	(338,660)	32	(578,521)
Operating income before tax for the E&P activities	(45,637)	1,284,487	6	1,238,856
Taxes	(19,187)	(783,568)	(2)	(802,757)

2. **Suplementary oil and gas information (not audited)**

unit: €k

	Africa	Latin America	Rest of the world	Total
Operating income for the E&P activities	(64,825)	500,919	4	436,099
31 December 2018				
Consolidated total contribution				
Sales	145,877	1,899,184	-	2,045,061
Production costs	(24,682)	(162,937)	-	(187,619)
Royalties	-	(188,818)	-	(188,818)
Other operating costs	(6,106)	(89,697)	(23)	(95,826)
Exploration costs	(7,470)	(35,831)	(820)	(44,121)
Depreciation, amortisation and provisions for the period	(40,752)	(298,358)	-	(339,111)
Operating income before tax for the E&P activities	66,866	1,123,544	(842)	1,189,567
Taxes	(8,658)	(636,083)	199	(644,541)
Operating income for the E&P activities	58,209	487,461	(643)	545,026

Sales from production includes revenues from the production and sale of oil and natural gas.

Production costs include direct production costs associated with blocks which are currently in production, namely costs relating to the operation and maintenance of wells, equipment related to the support facilities for the extraction of oil and gas operations, collecting system and other general and administrative costs related to production. This caption is presented net of income regarding leasing of production equipment, registered in companies that are not fully consolidated in the Group. The following deductions were made: €22,434k in 2020, €55,064k in 2019 and €80,175k in 2018

With effect from 1 January 2019, Galp adopted the accounting standard IFRS 16. This methodology was not applied retroactively to previous years.

For comparison reasons, the adoption of this standard has an impact of €135,518 k in production costs and €89,859 k in Amortization, Depreciation and Provisions for 2018.

Other operating costs include the responsibility for R&D associated with production activities in Brazil, as well as overhead costs pertaining to areas directly related to exploration and production activities. This caption excludes general corporate overhead costs related to Group

2. **Suplementary oil and gas information (not audited)**

companies, in accordance with FASB Topic 932, and includes costs recorded in companies that are not fully consolidated in the amount of €2,773 k in 2020, €3,748 k in 2019 and €2,586 k in 2018.

Exploration costs correspond to exploration impairments, namely costs of dry wells or asset impairments following the decision to relinquish exploration licenses, in accordance with the accounting policy described in note 5 Tangible Assets from the notes to the consolidated financial statements.

unit: €k

	Africa	Latin America	Rest of the world	Total
31 December 2020				
Consolidated total contributions				
Acquisitions without proved reserves	-	-	-	-
Exploration	3,496	25,251	152	28,898
Development	112,892	174,544	-	287,436
Total incurred in the period	116,387	199,795	152	316,334
31 December 2019				
Consolidated total contributions				
Acquisitions without proved reserves	-	76,699	-	76,699
Exploration	1,187	52,373	34	53,593
Development	207,000	249,199	-	456,200
Total incurred in the period	208,187	378,271	34	586,492
31 December 2018				
Consolidated total contributions				
Acquisitions without proved reserves	-	175,036	-	175,036
Exploration	(749)	49,452	997	49,700
Development	187,845	209,219	-	397,064
Total incurred in the period	187,096	433,707	997	621,800

2. **Suplementary oil and gas information (not audited)**

Amounts reported include capitalised costs and costs charged to expense when incurred for the acquisition, exploration and development of oil and gas property. The operating costs presented above include drilling and equipment costs for exploration wells and geological and geophysical expenses.

Effective from 1 January 2018, G&G and G&A costs, mainly related to the exploration activity, started to be accounted as operating costs of the period in which they occur, and ceased to be capitalized.

Development costs include drilling costs and equipment for development wells, as well as the construction of related equipment.

Amounts in the caption "Development" include assets which are related to transport and production equipment for block BM-S-11/A in Brazil and Area 4 in Mozambique, recorded in companies consolidated by the equity method.

Investments are stated in the Group's functional currency. For companies where the functional currency is not the Euro, assets were accounted for at the corresponding exchange rate at the end of the year, in accordance with the accounting policy defined in note 5 of consolidated financial statements. In 2020, an exchange rate of 1.23 EUR:USD was considered.

Capitalised interests were not included in capital expenditure.

Cumulative investments in E&P activities

Cumulative investments include total expenditure in the acquisition of proved or unproved reserves and in exploration and development activities of blocks in which Galp holds a stake.

Exploration costs are fully capitalised in accordance with Note 5 Tangible Assets from the notes to the consolidated financial statements. Dry wells are recognized as costs and included in the table below, as are impairments. Relinquished blocks are written-off from assets, and consequently, are not included in this information.

2. **Suplementary oil and gas information (not audited)**

Cumulative investments in E&P activities which are reflected in the Group's financial position are as follows:

unit: €k

	Africa	Latin America	Rest of the world	Total
31 December 2020				
Consolidated total contributions				
Assets with proved reserves				
Fixed assets	1,716,503	2,968,171	-	4,684,674
Work in progress (incomplete wells)	428,260	324,355	-	752,614
Assets without proved reserves	211,588	713,668	1,993	927,249
Support equipment	389	5,989	-	6,378
Gross cumulative investment	2,356,740	4,012,182	1,993	6,370,915
Cumulative amortisations, depreciations and impairments	(1,251,483)	(1,297,349)	(1,993)	
Net cumulative investments	1,105,256	2,714,833	-	3,820,089
31 December 2019				
Consolidated total contributions				
Assets with proved reserves				
Fixed assets	1,602,411	2,546,333	-	4,148,744
Work in progress (incomplete wells)	450,744	1,025,048	-	1,475,792
Assets without proved reserves	310,628	607,719	1,993	920,341
Support equipment	371	6,571	-	6,942
Gross cumulative investment	2,364,154	4,185,672	1,993	6,551,819
Cumulative amortisations, depreciations and impairments	(1,128,478)	(923,371)	(1,993)	
Net cumulative investments	1,235,677	3,262,300	-	4,497,977
31 December 2018				
Consolidated total contributions				
Assets with proved reserves				
Fixed assets	1,280,944	2,279,453	-	3,560,397

2. **Suplementary oil and gas information (not audited)**

unit: €k

	Africa	Latin America	Rest of the world	Total
Work in progress (incomplete wells)	695,282	1,099,673	-	1,794,955
Assets without proved reserves	180,538	485,234	1,993	667,765
Support equipment	333	5,707	-	6,040
Gross cumulative investment	2,157,097	3,870,067	1,993	6,029,158
Cumulative amortisations, depreciations and impairments	(1,010,247)	(805,083)	(1,993)	
Net cumulative investments	1,146,850	3,064,984	-	4,211,834

Investments were classified in accordance to the following assumptions:

1. Assets with Proved Reserves (PR or 1P): assets related to fields which hold proved reserves at the end of each year.

    1.1. Fixed assets with PR: assets related with fields which hold proved reserves at the end of each year, already producing and subject to depreciation;

    1.2. Work in progress with PR (incomplete wells): assets related with fields with proved reserves at the end of each year, which are not yet in production.

2. Assets without PR: assets related with fields without proved reserves, at the end of each year.

3. Support equipment: basic and administrative equipment allocated to E&P activities.

Amounts in the following captions include assets related to transport and production equipment for block BM-S-11 in Brazil and Area 4 in Mozambique, accounted for in companies which were consolidated through the equity method.

In the table above, cumulative investments are stated in the Group's functional currency. Regarding companies whose functional currency is not the Euro, assets were updated taking into account the corresponding exchange rate at the end of the year, in accordance with the accounting policy defined in paragraph 2.12 of the notes to the consolidated financial statements.

In 2020, an exchange rate of 1.23 EUR:USD was considered.

Oil and gas reserves

Total proved reserves (1P) on 31 December 2020, 2019 and 2018 which are presented in the tables below, include developed and undeveloped proved reserves. These reserves were determined by the independent entity DeGolyer and MacNaughton (DeMac), whose methodology is in accordance with the PMRS, approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers (SPE), the World Petroleum

2. **Suplementary oil and gas information (not audited)**

Council (WPC), the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Proven reserves are the quantities of oil that, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be commercially recoverable in accordance with defined economic considerations, operational methods, and government regulations.

Proven reserves include estimated quantities related to production sharing contracts (PSC) that are reported under the net entitlement method (which is subject to fluctuations in commodity prices and recoverable costs), as well as estimated quantities related to concessions (royalty regime) in which the net entitlement corresponds to the working interest.

As required by Topic 932, the economic limit of reserves is based on the average prices of the last 12 months and current costs. The economic cut-off date affects the reserve estimate. Therefore, as prices and cost levels change from year to year, the estimate of proved reserves may also change.

The reference price used to determine the Company's net entitlement reserves, which are those to be developed as per the agreements signed for the exploration and production activity, was $41.8/bbl, $64.3/bbl and $71.0/bbl and corresponds to the average market price of Brent for 2020, 2019 and 2018, respectively.

Reserves associated with blocks in Brazil correspond to 100% of the stake held by Petrogal Brasil in those blocks, since this company is fully consolidated in the Galp Group.

The impacts of PSC (price effect and/or change in recoverable costs) in reserves associated with this type of agreements are reflected in the caption "Revisions of previous estimates".

2. **Suplementary oil and gas information (not audited)**

Oil reserves (1P proved reserves)

unit: kbbl

	Net entitlement		
	Africa	Latin America	Total
2020			
Reserves on 31 December 2019	20,552	287,587	308,139
Developed	14,467	151,832	166,299
Undeveloped	6,085	135,755	141,840
Extensions and discoveries	-	-	-
Acquisitions and sales	-	(85)	(85)
Revisions of previous estimates	780	21,330	22,110
Production	(4,477)	(37,907)	(42,384)
Reserves on 31 December 2020	16,855	270,925	287,780
Developed	12,711	170,116	182,827
Undeveloped	4,144	100,809	104,953
2019			
Reserves on 31 December 2018	21,428	274,732	296,160
Developed	6,616	126,357	132,973
Undeveloped	14,812	148,375	163,187
Extensions and discoveries	-	10,299	-
Acquisitions and sales	-	-	-
Revisions of previous estimates	3,398	37,040	40,438
Production	(4,276)	(34,484)	(38,760)
Reserves on 31 December 2019	20,552	287,587	308,139
Developed	14,467	151,832	166,299
Undeveloped	6,085	135,755	141,840

2. **Suplementary oil and gas information (not audited)**

unit: kbbl

	Net entitlement		
	Africa	Latin America	Total
2018			
Reserves on 31 December 2017	22,037	262,159	284,196
Developed	4,740	109,143	113,883
Undeveloped	17,297	153,016	170,313
Extensions and discoveries	210	9,754	9,964
Acquisitions and sales	-	-	-
Revisions of previous estimates	1,659	34,432	36,091
Production	(2,478)	(31,613)	(34,091)
Reserves on 31 December 2018	21,428	274,732	296,160
Developed	6,616	126,357	132,973
Undeveloped	14,812	148,375	163,187

Gas reserves (1P proved reserves)

unit: mmscf

	Africa	Latin America	Total
2020			
Reserves on 31 December 2019	329,168	245,222	574,390
Developed	-	128,701	128,701
Undeveloped	329,168	116,521	445,689
Extensions and discoveries	-	-	-
Acquisitions and sales	-	-	-
Revisions of previous estimates	-	34,766	34,766

2. **Suplementary oil and gas information (not audited)**

unit: mmscf

	Africa	Latin America	Total
Production	-	(28,114)	(28,114)
Reserves on 31 December 2020	349,081	231,961	581,042
Developed	-	149,163	149,163
Undeveloped	349,081	82,798	431,879
2019			
Reserves on 31 December 2018	324,882	230,384	555,266
Developed	-	114,864	114,864
Undeveloped	324,882	115,520	440,402
Extensions and discoveries	-	5,920	5,920
Acquisitions and sales	-	-	-
Revisions of previous estimates	4,286	39,104	43,390
Production	-	(30,186)	(30,186)
Reserves on 31 December 2019	329,168	245,222	574,390
Developed	-	128,701	128,701
Undeveloped	329,168	116,521	445,689
2018			
Reserves on 31 December 2017	339,054	252,350	591,404
Developed	-	119,267	119,267
Undeveloped	339,054	133,083	472,137
Extensions and discoveries	-	1,526	1,526
Acquisitions and sales	-	-	-
Revisions of previous estimates	(14,172)	3,819	(10,353)
Production	-	(27,311)	(27,311)
Reserves on 31 December 2018	324,882	230,384	555,266
Developed	-	114,864	114,864
Undeveloped	324,882	115,520	440,402

2. **Suplementary oil and gas information (not audited)**

Gas reserves are presented in millions of cubic feet (mmscf), with one barrel of oil equivalent (boe) corresponding to 6,000 cubic feet of gas.

Standard measure of discounted future net cash flows

The standard measure of discounted future cash flows has been prepared in accordance with the requirements of Topic 932 of FASB and corresponds to an economic translation of the 1P proved reserves presented in the previous section by the independent entity DeGolyer and MacNaughton (DeMac).

Future cash inflows represent future revenues associated with the production of proved reserves, calculated by applying the average market price of Brent during 2020: $41.8/bbl.

Future production costs correspond to the estimated production costs associated with proved reserves.

Future royalties are estimated considering production revenue.

Future development and abandonment costs correspond to the estimated costs for the development of proved reserves (drilling and installation of production platforms), as well as the estimated costs of field abandonment.

Future income taxes include estimates of oil tax payable in Africa calculated according to the existing PSC (applicable to blocks in Africa and calculated according to the PSA); SPT (applicable to blocks in Brazil) and income taxes, according to tax laws in each country

2. **Suplementary oil and gas information (not audited)**

The cash flows were calculated in U.S. Dollars and translated into Euros at the average exchange rate of 2020 (1.141 EUR:USD).

unit: €k

	Africa	Latin America	Total
31 December 2020			
Future cash inflows	1,957,953	10,204,305	12,162,259
Future production costs	(549,758)	(3,317,375)	(3,867,133)
Future royalties	-	(1,026,979)	(1,026,979)
Future development and abandonment costs	(576,534)	(880,390)	(1,456,924)
Future net cash flow before tax	831,662	4,979,561	5,811,223
Future income tax	(156,026)	(2,806,811)	(2,962,837)
Future net cash flows	675,636	2,172,750	2,848,386
Discount factor (10%)	(545,422)	(680,212)	(1,225,634)
Standard measure of discounted future cash flows on 31 December 2019	130,213	1,492,538	1,622,752

The principles applied are those required by Topic 932 and do not reflect the expectations of the actual revenues of the reserves nor their present value, and thus do not constitute criteria for investment decision. An estimate of the fair value of reserves should also take into account, among other variables, the recovery of reserves not currently classified as proved, the risks inherent in the estimation of reserves, the expectation of future hydrocarbons price variation and the cost structure, as well as the consideration of an adequate discount factor.

3.

Galp report payments to public administrations

Under Article 245-B of the Portuguese Securities Code (following the provisions of Directive 2013/34/EU of the European Parliament and of the Council regarding annual financial statements, consolidated financial statements and related reports of certain types of undertakings, transposed into Portuguese law through Decree-Law No. 98/2015, of June 2)

1. Introduction

Galp believes that values such as accountability and good governance are reinforced by supporting the transparency of revenue flows from oil and gas activities, as such principle allows citizens to access the information they need to hold Public Administrations accountable for the way in which they use funds received through taxes and other frameworks.

Galp has worked with Public Administrations, non-governmental organisations and international agencies to increase transparency, disclosure and accountability of payments made to Public Administrations.

In addition to the Payments stated in this Report, Galp contributes to the economies of the countries in which it operates through other activities on the extractive activity side by making payments to Public Administrations

- for example in relation to activities related to the transportation, trading, manufacturing and marketing of products derived from oil and gas. Additionally, Galp contributes to the economies of the countries in which operates by creating employment opportunities, purchasing products and services from local suppliers and undertaking social investment activities.

2. Subject

This Report provides an overview of the Payments (defined below) to Public Administrations (defined below) made by Galp Energia SGPS, S.A., and its subsidiary undertakings (hereinafter together referred to as "Galp"), covering the full year 2020, whenever such companies make payments as a result of their activities of exploration, prospection, discovery, development and extraction of oil, natural gas deposits or other materials (referred to as "Extractive activities").

3. Legislation

This report has been prepared in compliance with the provisions of Article 245-B of the Portuguese Securities Code and its contents in line with the provisions of chapter 10 of the Directive 2013/34/EU of the European Parliament and of the Council regarding the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, transposed into Portuguese law through Decree-Law No. 98/2015 of June 2 (herein together referred to as the "applicable legislation").

4. Reporting entities

This Report includes payments to Public Administrations made by Galp. Excluded from this Report are Payments made by entities over which Galp has joint control and Payments made by entities over which Galp has no operatorship.

3. **Galp report payments to public administrations**

5. Public administrations

For the purposes of this report, Public administrations include any national, regional or local authority of a European Union member State or of a third country, and includes any department, agency or entity that is a subsidiary thereof, which includes a national oil company.

6. Project

Payments are reported at project level except that payments that are not attributable to a specific project are reported at entity level.

A "Project" is defined as a set of operational activities which are governed by a single contract, license, lease, concession or similar legal agreement, and forms the basis for payment liabilities to a Public Administration. If such agreements are substantially interconnected, those agreements are to be treated as a single project.

For a fully integrated Project, which does not have an contractual cut off point where a value can be ascribed separately to Extractive activities and to other processing activities, payments to Public Administrations will be disclosed in full.

7. Payments

For the purposes of this Report, a Payment is an amount paid in cash or in kind under the following forms: Production Entitlements

Include the host government's share of production in the reporting period, derived from projects operated by Galp. This includes the government's share as a sovereign entity or through its participation as an equity or interest holder in projects within its sovereign jurisdiction (home country). Production Entitlements arising from activities or interests outside of the home country are excluded.

For the year ended December 31, 2020, there were no production entitlements arising from projects Operated by Galp.

Taxes

Taxes paid by Galp on its income, profits or production (which include petroleum income tax in Angola or Corporate income Tax and Special Participation in Brazil), including those settled by a Public Administration on behalf of Galp under a tax-paid concession. Payments are reported net of refunds. Excluded from this Report are the Taxes on transactions and on consumption (including but not limited to Value Added Taxes), personal income taxes, sales taxes, and property taxes.

Royalties

These are payments for the rights to extract oil and gas resources, typically set at a percentage of revenue less any deductions that may be taken.

3. **Galp report payments to public administrations**

Bonuses

These are usually paid upon signing an agreement or a contract, when a commercial discovery of oil and gas is declared, or production has commenced, or another milestone has been reached.

License fees, rental fees, entry fees and other considerations for licenses and/or concessions

Taxes and other Fees paid as consideration for acquiring a license to gain access to an area where Extractive Activities are performed. Excluded from this Report are any Administrative government fees that are not specifically related to Extractive Activities, or to access extractive resources.

Infrastructure improvements

Payments which relate to the construction of infrastructure not substantially dedicated to use in Extractive Activities.

8. Other provisions operatorship

When Galp makes a Payment directly to a Public Administration arising from a Project, the full amount paid is disclosed, even where Galp, as operator, is proportionally reimbursed by its non-operating venture partners through a billing process (cash-call).

Cash and in-kind payments

Payments are reported on a cash basis, meaning that they are reported during the period in which they are paid, as opposed to being reported on an accruals basis (which would mean that they would be reported in the period for which the liabilities arise).

Materiality level

This Report includes all types of Payments to Public Administrations, either on a single payment basis or as part of a series of related payments, provided that these are above €100,000.

Exchange rate

For the purposes of this Report, Payments made in currencies other than Euros are translated based on the annual average foreign exchange rate.

3. **Galp report payments to public administrations**

Summary report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
	a	b	c	d	e	f	
Angola	-	15,792	-	-	-	-	15,792
Brazil	-	268,942	128,682	-	35	-	397,659
East Timor	-	-	-	-	-	-	-
Mozambique	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-
São Tomé e Príncipe	-	-	-	-	-	-	-
Total	-	284,734	128,682	-	35	-	413,451

Report by Country: Angola

Government Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	15,792	-	-	-	-	15,792
Sonangol Concessionaire	-	-	-	-	-	-	-
Sonangol E&P	-	-	-	-	-	-	-
...	-	-	-	-	-	-	-
Total	-	15,792	-	-	-	-	15,792

3. **Galp report payments to public administrations**

Project Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Entity level payment							
Galp Overseas Angola BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 14 BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 14k BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 32 BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 33 BV - Branch	-	-	-	-	-	-	-
Projects							
Block 14	-	1,144	-	-	-	-	1,144
Block 14k	-	236	-	-	-	-	236
Block 32	-	14,412	-	-	-	-	14,412
Block 33	-	-	-	-	-	-	-
Block LNG - Sonagas	-	-	-	-	-	-	-
Bloco 1 - Safueiro	-	-	-	-	-	-	-
Total	-	15,792	-	-	-	-	15,792

Report by Country: Brazil

Government Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Revenue	-	-	128,681	-	-	-	128,681
Agencia Nacional do Petroleo, Gás Natural e Biocombustiveis	-	268,943	-	-	35	-	268,978
...	-	-	-	-	-	-	-
Total	-	268,943	128,681	-	35	-	397,659

3. **Galp report payments to public administrations**

Project Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Entity level payment							
Petrogal Brasil, S.A.	-	-	-	-	-	-	-
Galp Energia, S.A.	-	-	-	-	-	-	-
Projects							
Block BM-S-8	-	-	-	-	-	-	-
Block BM-S-11	-	268,943	128,419	-	-	-	397,362
Block BM-S-24	-	-	-	-	-	-	-
Block POT-T-394	-	-	-	-	-	-	-
Block POT-T-395	-	-	-	-	-	-	-
Block POT-T436	-	-	-	-	-	-	-
Block POT-T-440	-	-	-	-	-	-	-
Block POT-T478	-	-	-	-	-	-	-
Block POT-T479	-	-	171	-	-	-	171
Block POT-T480	-	-	-	-	-	-	-
Block POT-T-484	-	-	-	-	-	-	-
Block SEAL-T-412	-	-	-	-	18	-	18
Block SEAL-T-429	-	-	91	-	17	-	108
Block POT-M-663	-	-	-	-	-	-	-
Block POT-M-665	-	-	-	-	-	-	-
Block POT-M-760	-	-	-	-	-	-	-
Block POT-T-447	-	-	-	-	-	-	-
Block POT-M-853	-	-	-	-	-	-	-
Block POT-T-563	-	-	-	-	-	-	-
Block POT-T-608	-	-	-	-	-	-	-

3. **Galp report payments to public administrations**

Project Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Block POT-T-743	-	-	-	-	-	-	-
Block POT-M-855	-	-	-	-	-	-	-
Block PEPB-M-783	-	-	-	-	-	-	-
Block PEPB-M-839	-	-	-	-	-	-	-
Block BAR-M-300	-	-	-	-	-	-	-
Block BAR-M-342	-	-	-	-	-	-	-
Block BAR-M-344	-	-	-	-	-	-	-
Block BAR-M-388	-	-	-	-	-	-	-
Block PN-T-150	-	-	-	-	-	-	-
Block PN-T-166	-	-	-	-	-	-	-
Block POT-M-764	-	-	-	-	-	-	-
Block PN-T-136	-	-	-	-	-	-	-
Block PN-T-182	-	-	-	-	-	-	-
Block Carcara Norte	-	-	-	-	-	-	-
Block UIRAPURU	-	-	-	-	-	-	-
Block C-M-71	-	-	-	-	-	-	-
Total	-	268,943	128,681	-	35	-	397,659

3. **Galp report payments to public administrations**

Report by Country: Namibia

Government Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Ministry of Mines and Energy	-	-	-	-	-	-	-
Sonangol E&P	-	-	-	-	-	-	-
...	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Project Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Entity level payment							
Windhoek PEL 23 BV - Branch	-	-	-	-	-	-	-
Windhoek PEL 24 BV - Branch	-	-	-	-	-	-	-
Projects							
Block 2112B	-	-	-	-	-	-	-
Block 2212A	-	-	-	-	-	-	-
Block 2813A	-	-	-	-	-	-	-
Block 2814B	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3. **Galp report payments to public administrations**

Report by Country: São Tomé and Príncipe

Government Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Projects	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Project Report (in kEuro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Entity level payment							
Galp Energia São Tomé e Príncipe, Lda.	-	-	-	-	-	-	-
Projects							
Block 6	-	-	-	-	-	-	-
Block 5	-	-	-	-	-	-	-
Block 11	-	-	-	-	-	-	-
Block 12	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3. **Galp report payments to public administrations**

Report by Country: Mozambique

Government Report (in Euro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Project Report (in Euro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Entity level payment							
Area 4	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Report by Coutry: East Timor

Government Report (in Euro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3. **Galp report payments to public administrations**

Project Report (in Euro)

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Entity level payment							
Bloco E	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

4.

Statement of compliance by the members of the board of directors

Under the terms and for the purposes of Article 245, first paragraph, item c) of the Portuguese Securities Code, each of the below-mentioned members of the Board of Directors declares that, to the fullest extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts and any further accounting documents regarding the year of 2020 were prepared in compliance with the applicable accounting rules, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp and the companies included in the consolidation, and the management report provides a fair view of the development of the business, and of the performance and position of Galp and the companies included in the consolidation, and provides a description of the main risks and uncertainties faced by Galp and the companies included in the consolidation in the course of their operations.

Lisbon, March 19, 2021.

The board of directors

Chairman

Paula Amorim

Vice- chairmen:

Miguel Athayde Marques
Andrew Brown

Members

Filipe Crisóstomo Silva
Thore E. Kristiansen
Carlos Costa Pina
José Carlos Silva
Sofia Tenreiro
Susana Quintana-Plaza
Marta Amorim
Francisco Teixeira Rêgo
Carlos Pinto
Luis Todo Bom
Jorge Seabra de Freitas
Rui Paulo Gonçalves
Diogo Tavares
Edmar de Almeida
Cristina Fonseca
Adolfo Mesquita Nunes

5.

Report and opinion of the audit board

Audit Board's opinion

Dear Shareholders,

According to the legislation in force and the Company's By-laws, and under our mandate, we hereby present our opinion on the Management Integrated Annual Report that includes the Corporate Governance Report, the non-financial information, the individual and consolidated financial statements and the proposed allocation of net profits presented by the Board of Directors of Galp Energia SGPS, S.A., with regard to the year ended 31 December 2020.

We have met several times with the Statutory Auditor/External Auditor, monitoring the performance of their supervising role.

We have monitored the process of preparation and disclosure of financial statements, as well as the legal certification of the accounts, with particular emphasis on the effects and challenges resulting from the context of the pandemic caused by Covid-19 on financial reporting, taking into consideration the circular to the supervisory bodies of CMVM public interest entities dated December 18, 2020 on the audit work associated with the closing of accounts for the 2020 financial year, in the context of uncertainty and new challenges caused by the Covid-19 pandemic.

We have verified and supervised the independence of the Statutory Auditor/External Auditor, in compliance with the applicable law, in particular verifying the adequacy and approving the provision of non-audit services.

We have reviewed the legal certification of the accounts of the Statutory Auditor and the External Auditor's audit report on the individual and consolidated accounts for the year 2020 and identified no exceptions.

Under the terms and for the purposes of Article 245, first paragraph, item c) of the Portuguese Securities Code and Article 420, the sixth paragraph of the Companies Portuguese Code, each of the below indicated members of the Audit Board declares that, to the extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts, the audit report and any further accounting documents regarding the year of 2020 were prepared in compliance with the applicable accounting rules and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp and the companies included in the consolidation. It also states that, to the best of its knowledge the management report includes a fair view of the development of the business and the performance and position of Galp and the companies included in the consolidation, and includes a description of the main risks and uncertainties faced by Galp and the companies included in the consolidation in their operations.

Under the scope of our term, we have verified, and further fully declare of our knowledge, that:

a) The accounting principles and the metrical criteria are in line with IFRS, as adopted by the European Union, and are adequate as to ensure an accurate representation of the assets and results of both the Company and the other companies included in the consolidation;

b) The corporate governance chapter of the management report regarding the year of 2020 includes all the information required by Article 245-A of the Portuguese Securities Code.

Accordingly, taking into consideration the information received from the Board of Directors and of the departments of the Company, as well as the conclusions set out in the legal certification of the accounts and the audit report on the individual and consolidated financial statements, we

5. **Report and opinion of the audit board**

express our agreement with the management report, the individual and consolidated financial statements and the proposal of the application of net profits for the financial year 2020 of Galp Energia, SGPS, S.A. namely taking into account the provisions of Article 32 of the Companies Portuguese Code, so we are of the opinion that there is nothing to hinder their approval at a General Shareholders' Meeting.

Lastly, the Audit Board wishes to express its gratitude to the Board of Directors and to the Executive Committee of Galp Energia, SGPS, S.A., whose continuing cooperation has greatly facilitated the exercise of the Audit Board's duties.

Lisbon, 19 March 2021.

Chairman

José Pereira Alves

Members

Fátima Castanheira Geada
Pedro Antunes de Almeida

5. **Report and opinion of the audit board**

Annual activity report of the audit board for the financial year 2020

In accordance with paragraph 1 item g) of Article 420 of the Portuguese Commercial Companies Code (Código das Sociedades Comerciais [CSC]) and of paragraph 1 item g) of Article 8 of the regulations of the Audit Board of Galp Energia, SGPS, S.A. (hereinafter referred to as Galp or the Company), the Audit Board hereby presents its report on the supervisory activities performed during 2020.

I. Introduction

According to the corporate governance model implemented by Galp, which consists of the Latin model set out in paragraph 1 item a) of Article 278 and paragraph 1 b) of Article 413, both from the Portuguese Companies Code, the Audit Board is responsible for supervising the Company's activities.

The current Audit Board in office was elected at the general shareholders' meeting held on 12 April 2019, for the 2019-2022 term of office, being composed by three independent members in view of the criteria set out in paragraph 5 of Article 414 of the CSC.

All members of the Audit Board meet the compatibility criteria for the performance of their duties as laid down in paragraph 1 of Article 414-A of the CSC.

The main duties of the Audit Board stemming from the applicable legislation and the respective regulations refer to the following key areas:

a) continuous monitoring of the Company's activities, monitoring compliance with the law and Bylaws, and overseeing the Company's management;

b) monitoring compliance with accounting policies and practices, as well as the preparation and disclosure of financial information, and supervising the review/audit of the Company's accounting documents;

c) monitoring the effectiveness of the systems of risk management, internal control, compliance and internal audit, assessing the internal control and audit procedures and any issues that arise directing the recommendations as it may deem fit;

d) monitoring and evaluating the corporate governance system;

e) receiving and dealing with communications of irregularities presented by the Company's employees and other stakeholders;

f) annually assess the activity of the Company's statutory auditor/auditor;

g) Monitoring the independence of the statutory auditor/auditor, especially in regarding the provision of additional services.

II. Activities performed by the audit board in relation to the financial year 2020

In the course of its duties, the Audit Board had access to all information relating to the Company and its collaborators, which enabled the appraisal of the performance, current situation and the further development

5. **Report and opinion of the audit board**

prospects of the Company and had access to all other documents and clarifications from the persons from which they requested.

During 2020, the Audit Board, elected at the General Meeting on April 12, 2019, held 15 meetings and implemented various measures in the course of its duties, of which the following are highlighted:

1. Continuous monitoring of the Company's activity, monitoring compliance with the law and the Company's By-laws, and overseeing the Company's management

Ongoing monitoring of the Company during 2020 was undertaken, in particular, through meetings with the heads of Galp's central corporate divisions, most regularly the Internal Audit Department, the Risk Management Department and the Legal & Governance Department. Further, the Audit Board met with the CEO and the CFO.

The Audit Board met also regularly with the Statutory Auditor/Auditor and the head of the Accounting, Tax and Internal Control Department, to analyze the Company's accounts and internal control matters, in particular financial reporting.

Further, during 2020, the Audit Board attended the all meetings of the Board of Directors where the company's accounts were analysed, the strategic lines of Galp were debated and updated, the budget for 2021 was approved and the business plan for 2021-2025, the objectives and levels related to risk-taking were defined, as well as, the works developed by its committees were presented

At the Board of Directors' meeting that took place on December 18, 2020, the Audit Board gave favourable opinions on the strategic guidelines and risk management policy approved by the by the Board of Directors on that date, as well as on risk analysis conducted by the Risk Management Department and the risk appetite statement underlying the Group's 2021-2025 Business Plan.

The access of the Audit Board to the members of the Board of Directors and the Executive Committee, to employees and to the relevant documents of the Galp group's activity was carried out regularly and without constraints, contributing to the inspection of the company, showing an adequate relationship between the Board Directors, the Executive Committee and the Audit Board.

The Audit Board participated in June and September in workshops held by the Board of Directors, aimed at the debate and strategic update, which enabled an enriching and innovative reflection on the strategic lines for the coming years.

2. Monitoring compliance with the accounting policies and practices and with the requirements for the preparation and disclosure of financial information and for the statutory audit of the accounts

The Audit Board monitored the accounting policies, criteria and practices and the reliability of the financial information, based on the information received from the Accounts Department and the reports of the Statutory Auditor/Auditor, on the consideration of quarterly and annual accounts and on an appraisal of the findings of the audits and of the evaluation procedures performed during the year by the Statutory Auditor/ Auditor.

The Audit Board reviewed the documents relating to the 2020 audit and the legal certification of the accounts and issued a favourable opinion thereupon.

5. **Report and opinion of the audit board**

3. Monitoring and supervising of the effectiveness of the internal control system

During 2020, the Audit Board carried out various actions aimed at monitoring, supervising and evaluating the work and adequacy of Galp's internal control, risk management and internal audit system, either based on the reporting of information by the Internal Audit, Risk Management departments and Internal Control unit, or using the internal control report issued by the External Auditor.

Having been requested to give its opinion on the proposed internal rule on the governance model of internal control over Galp's financial reporting and on the proposed revision of Galp's Internal Control Manual, the Audit Board decided to approve both.

4. Monitoring and supervising the effectiveness of the risk management system

During 2020, the Audit Board carried out several actions to monitor, supervise and assess the functioning and adequacy of the risk management system, through the quarterly reporting of information by the Risk Management Department, having monitored, in particular, the measures taken by Galp under the Covid-19 impact and those related to the incident in the trading operations of unauthorised CO_2 licenses with impact on the accounts, and became aware of events in the area of cybersecurity, the recommendations of the Risk Management Committee and the top risks.

As part of its supervisory duties, the Audit Board was also charged with supervising the implementation by the Company of the principles and policies for the identification and management of key financial and operational risks associated with Galp's business, as well as reviewing the measures in place to monitor, control and disclose the risks, in accordance with the objectives established by the Board of Directors, in particular those resulting from the Covid-19 pandemic.

The Audit Board took regular notice of the activities pursued by the Risk Management Committee created within the Board of Directors on April 12, 2019.

At the Board of Directors' meeting that took place on December 18, 2020, the Audit Board expressed its opinion on the strategic guidelines and the risk management policy implemented at Galp, considering it adequate for the Group's risk level, and issued a favourable opinion on the risk analysis conducted by the Risk Management Department and the risk appetite statement underlying the Group's 2021-2025 Business Plan, approved by the Board of Directors on that same date.

Having been requested to give an opinion on the internal rule proposal regarding Galp's risk management governance model, the Audit Board decided to approve it.

5. Monitoring and supervising the effectiveness of the internal audit system

The Audit Board supervised the activity carried out by the Internal Audit Department during 2020, through monthly monitoring of the execution of the respective annual audit activities plan approved by the Audit Board, of the audit work carried out and the information on the allocation of resources, having received from this Department monthly reports on the status of the issued recommendations and audits carried out.

5. **Report and opinion of the audit board**

The Audit Board provided input to the performance evaluation of the Internal Audit Department concerning 2020.

The Internal Audit Department verified that the risk management, internal control and internal audit systems were functioning properly, and assessed the effectiveness and efficiency of the implementation of controls and mitigation systems. These activities were carried out independently and systematically, and the most significant comments and recommendations were brought to the attention of the Audit Board, together with opportunities for improvement and corrective measures.

The Audit Board also believe that the Internal Audit Department's plan of activities, assessment of the system of internal control and the use of the resources allocated was performed efficiently and in compliance with the established procedures.

The Chairman of the Audit Board attended the meeting of the Audit Committee held on November 19, 2020, as part of the presentation of the Annual Audit Plan for 2020.

6. Monitoring the performance of the corporate governance system

During 2020, the Audit Board monitored the performance of the corporate governance system and its compliance with legal rules, regulations and bylaws, and monitored legislative and regulatory developments in matters of corporate governance, namely through the quarterly participation of the head of the Legal & Governance Department in the meetings of the Audit Board.

Also in the context of monitoring corporate governance matters, the Audit Board analysed the Corporate Governance Report for the 2020 financial year, having confirmed that this report includes the elements provided for in Article 245-A of the Securities Code and in Regulation no. 4/2013 of the Portuguese Securities Market Commission.

At its meeting of March 11, 2021, the Audit Board assessed the functioning of the Board of Directors and its committees during 2020, as well as the relationship between the company's bodies and committees, as defined in article 9(2)(j) of the Audit Board Regulation.

7. Monitoring and supervising the effectiveness of the compliance system

The Audit Board became aware of the execution of the work in the compliance area provided for in the plan and approved the annual plan of compliance activities for the next year presented by the Department of Legal Affairs and Governance, also obtaining information on the allocation of resources to compliance services.

8. Annual monitoring and assessment of the activity of the Company's External Auditor

The Audit Board, at its meeting on March 11, 2021, carried out the annual performance assessment of the External Auditor's activity, with reference to 2020, pursuant to Article 8(1)(q) and (2)(c) of the Regulations of the Audit Board.

The Auditor's services were provided in accordance with the defined work plan, having complied with the applicable rules and regulations and revealed in its performance technical rigor and quality, opportunity and efficiency in the conclusions and recommendations presented.

5. **Report and opinion of the audit board**

The External Auditor confirmed to the Audit Board that it did not detect any relevant irregularities in relation to its duties and that it did not encounter any difficulties whilst carrying out its duties.

During 2020, the Auditor was present at 7 meetings held by the Audit Board, in which company accounts and the identified audit risks were analysed, internal control issues were debated, the annual audit plan for 2020 was reviewed and the main audit points and recommendations reported were discussed with the Auditor.

The Audit Board exercised its function as the Company's interlocutor with the Statutory Auditor/Auditor and the recipient of the information prepared by him, regularly monitoring his activity, namely through the assessment of reports and documentation produced by him in the performance of his duties.

The Audit Board ensured that the Auditor was provided with the information and other conditions appropriate to the effective performance of its activity.

As part of verifying the External Auditor's compliance with the rules regarding independence, the Audit Board monitored, during 2020, the provision of non-audit services, for which a prior opinion of the Audit Board is necessary, having analysed compliance the Auditor's independence requirements, the possibility of any services provided by the Auditor and their inclusion in the legally established criteria, having confirmed that his independence was safeguarded.

Bearing in mind that the External Auditor's term began in 2019, the limit of 70% established by Article 4 (2) of EU Regulation No. 537/2014 (European Audit Regulation) is not applicable. In any case, it should be noted that in 2019 the distinct audit services represented 25% of the average fees paid to the Auditor in 2020 for the financial audit services provided to Galp and the entities under Galp's control in the same period (below) the limit of 70% established by Article 4 (2) of EU Regulation 537/2014).

9. Company's transactions with related parties

During the year of 2020 no transaction made with related parties was subject to prior opinion of the Audit Board.

The Audit Board gave its favourable opinion to the revision of the 2018 internal rule on related party transactions in force, presented by the Legal & Governance Department, following the publication of Law no. 50/2020 of 7 August, which transposed Directive EU 2017/828 on the rights of shareholders of listed companies, by amending the Securities Code.

10. Reporting irregularities

In accordance with best corporate governance practice and the applicable market rules, as well as with the principles of fairness, correctness, honesty, transparency and integrity on the basis of which Galp conducts its business, the Galp Irregularity Reporting - Ethics Line Procedure, available on its website and through the Company intranet, governs the mechanism for reporting to the Audit Board, through Galp's Committee of Ethics and Conduct, any alleged irregularities or breaches of the Code of Ethics or the rules that constitute it or that deal with related matters in the fields of accounting, internal control, auditing, anti-corruption and banking and financial crime occurring at Galp Group companies.

5. **Report and opinion of the audit board**

In the course of 2020, Galp's Committee of Ethics and Conduct held periodic meetings with the Audit Board to report any communications received and assess which of these to escalate.

As part of the fulfillment of the reporting obligation provided for in point 8 of Galp's Committee of Ethics and Conduct Regulations, this Committee presented to the Audit Board the annual report on the communications received in 2020, the procedures adopted and any actions/measures proposed.

Lisbon, 19 March 2021.

Chairman

José Pereira Alves

Members

Maria Fátima Geada
Pedro Antunes de Almeida

6.

Independent report about sustainability information

Independent Assurance Report

(Free translation from the original in Portuguese)

To the Board of Directors

Introduction

We were engaged by the Board of Directors of Galp Energia, SGPS, S.A. ("Galp" or "Company") to perform a reasonable assurance engagement on the indicator identified below in the section "Responsibilities of the auditor" and a limited assurance engagement on the sustainability information also mentioned in that section, which integrate the sustainability information included in the Integrated Management Report 2020 ("Report"), for the year ended in December 31, 2020, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities of the Board of Directors

It is the responsibility of the Board of Directors to prepare the sustainability information identified below in the section "Responsibilities of the auditor", included in the Integrated Management Report 2020, in accordance with the sustainability reporting guidelines "Global Reporting Initiative" version GRI Standards and with the instructions and criteria disclosed in the Integrated Management Report 2020, and the maintenance of an appropriate system of internal control to enable the adequately preparation of the mentioned information.

Responsibilities of the auditor

Our responsibility is to issue an assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and we have fulfilled other technical standards and recommendations issued by the Institute of Statutory Auditors. These standards require that we plan and perform our work to obtain:

a) reasonable assurance on whether Galp's Carbon Footprint 2020 (scopes 1 and 2); and
b) limited assurance on whether the remaining sustainability information 2020 (GRI indicators), is free from material misstatement.

Our limited assurance engagement also consisted in carrying out procedures with the objective of obtaining a limited level of assurance as to whether the Company applied, in the sustainability information included in the Integrated Management Report 2020, the GRI Standards guidelines.

For this purpose the above mentioned work included:

(i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;

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(ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;
(iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;
(iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;
(v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
(vi) Comparison of financial and economic data included in the sustainability information with the data audited by the external financial auditor, in the scope of the audit of Galp's financial statements for the year ended in December 31, 2020;
(vii) Analysis of the process for defining the materiality of the sustainability issues, based on the materiality principle of GRI Standards, according to methodology described by the Company in the Report;
(viii) Verification that the sustainability information included in the Report complies with the requirements of GRI Standards.

In addition, for the purpose of reasonable assurance work, we performed analytical and substantive tests, and based on defined materiality criteria we have verified the adequate application of reporting criteria defined by Company in the Carbon Footprint 2020 calculation, disclosed in the Integrated Management Report 2020.

In the limited assurance work, the procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

We believe that the procedures performed provide an acceptable basis for our conclusion.

Quality control and independence

We apply the International Standard on Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion on the reasonable assurance work

Based on the work performed, it is our opinion that the Galp's Carbon Footprint 2020 (scopes 1 and 2), identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2020, for the year ended in December 31, 2020, was prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it.

6. **Independent report about sustainability information**

Conclusion on the limited assurance work

Based on the work performed, nothing has come to our attention that causes us to believe that the remaining sustainability information, identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2020, for the year ended in December 31, 2020, was not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it, and that Galp has not applied, in the sustainability information included in the Integrated Management Report 2020, the GRI Standards, for the option "In accordance – Comprehensive".

Restriction on distribution and use

This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating the annual sustainability performance in the Integrated Management Report 2020 and should not be used for any other purpose. We will not assume any responsibility to third parties other than Galp by our work and the conclusions expressed in this report, which will be attached to the Company's Integrated Management Report 2020.

March 19, 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Ana Maria Ávila de Oliveira Lopes Bertão, R.O.C.
(This is a translation, not to be signed)

7.

Glossary and abbreviations

Glossary

Absenteeism

Ratio between the number of working hours lost by absence and the maximum potential of working hours (number of employees x 21 days x 11 months x 8 hours).

API density

Density expressed in API degrees, defined by the American Petroleum Institute by means of the following formula: API°= (141.5/g) – 131.5, where g is the density of the oil to 60°F (15.6 °C). This is the formula that is internationally used to establish the density of crude oil. The greater the API density, the lighter the crude oil.

Atmospheric distillation

Distillation of crude oil effected under atmospheric pressure, from which oil product fractions are produced (light oil, heavy oil, diesel fuels, and heavy products, for example). After suitable treatment, these fractions are the components of the finished products.

CO_2

Carbon dioxide, colourless gas that is heavier than air, this being one of its natural components. Produced by certain natural processes, such as the carbon cycle, and by the complete burning contained in fossil fuels.

Cogeneration

Power generation technology that allows the combined production of heat and electricity. The advantage of cogeneration is the capacity it has to take double advantage of the heat produced by burning the fuel for the generation of thermal energy for the generation of electricity. This process allows the same installation to comply with the heat (hot water or steam) and electricity needs of both industrial clients and urban settlements. This system improves the energy efficiency of the generation process and reduces use of the fuel.

Complexity

The complexity of a refinery lies in its capacity to process crude oil and other raw materials and is measured by means of the complexity index, calculated separately by different organisations within the sector, such as energy sector consultants 360 Strategic execution Energy for a changing world To our stakeholders Strategic framework Solomon Associates and Nelson. A refinery's complexity index is calculated by attributing a complexity factor to each one of the refinery's units, which is based above all on the level of technology used in the construction of the unit, taking as a reference a crude oil primary distillation installation to which is attributed a complexity factor of 1.0. The complexity index of each unit is calculated by the multiplication of the complexity factor with the unit's capacity. The complexity of a refinery is equivalent to the weighted average of the complexity index of each one of its units, including the distillation units. A refinery with a complexity index of 10.0 is considered to be 10 times more complex than a refinery equipped with just crude oil atmospheric distillation, for the same quality of processed product.Contingent resources

7. **Glossary and abbreviations**

These are quantities of oil that are estimated on a given date to be potentially recoverable from known accumulations but are not currently considered to be commercially recoverable. This may happen for a variety of reasons. For example, maturity issues (the discovery needs further appraisal in order to firm up the elements of the development plan); technological issues (new technology needs to be developed and tested for commercial production); or market-driven issues (sales contracts are not yet in place or the infrastructure needs to be developed in order to get the product to market). 2C contingent resources are those that are calculated based on the best estimate, while 3C resources correspond to the highest estimate, thus reflecting a larger level of uncertainty. Volumes that fall into this category cannot be referred to as reserves.

Conversion

Set of various treatments (catalytic or thermal) where the principal reaction is effected on the carbon connections, with this having the possibility of being more or less deep due to the conditions imposed. This process is typically associated with the conversion of fuel oils in lesser fractions (diesel, gasoline and gases) and fuel oils that are more sophisticated from the perspective of their use. In a modern refinery, these processes have assumed a growing importance.

Cracking

Transformation through a breaking down of the hydrocarbon molecules in long chains, with the objective of obtaining hydrocarbon molecules in shorter chains, thus increasing the proportion of lighter and more volatile products. Distinguishing between thermal cracking and catalytic cracking. Thermal cracking is only caused by the actions of heat and pressure. Catalytic cracking uses catalysers that, at the same temperature, allow a deeper and more selective transformation of fractions that could be heavier.

Dated Brent

Price of shipments of Brent oil as announced by the price fixing agencies. This is the reference price for the vast majority of crude oils sold in Europe, Africa and the Middle East, and is one of the most important references for the prices on the spot market. Dated Brent oil is the light crude oil from the North Sea that, since July 2006, has included the Fortis and Oseberg branches. The crude mix has an average API density of approximately 38.9°.

Diesel

A mix of liquid hydrocarbons destined for feeding compression ignition engines (Diesel cycle). The behaviour of diesel fuel depends on the temperatures at which it is used.

Distillation

A method for separating (liquid or solid) substances by evaporation followed by condensation. Distillation may take place under atmospheric pressure or in a vacuum, depending on what products are desired. This process produces distillates.

Emissions

Release of gases into the atmosphere. Within the context of climate change, the emissions include the release of greenhouse gases (GHG). A typical example is the release of CO_2 during the combusting of fuels.

7. **Glossary and abbreviations**

Direct emissions (A1)

GHG emissions from sources that are owned or controlled by the company. This category includes emissions from combustion in boilers or furnaces located in facilities owned by the company or the fuel combustion from company's fleet vehicles, among others.

Indirect emissions (A2)

GHG emissions from the purchase of electricity, cold, heat or steam produced by other companies.

Indirect emissions (A3)

GHG emissions are an indirect consequence of the activities of the company but occur from sources not owned or controlled by the company. This category includes emissions from activities related to the use of sold products, transportation, business travels, and logistics, among others.

FPSO

A floating, production, storage and offloading unit is a floating oil production system, built on a ship structure, with a capacity for oil and natural gas production processing, liquid storage and transfer of oil to tankers.

FLNG

Floating natural gas liquefaction system, built on a ship structure, with a capacity for production, liquefaction and storage of liquefied natural gas. The stored product is exported through the transfer to LNG vessels.

Fuel oil

A mix of hydrocarbons destined to be burnt in a furnace or boiler for the generation of heat or used in an engine for the generation of power. There are various types of fuel oil, due to its viscosity, which conditions their use.

Gasoline

Fuel for automobiles equipped with motors that use the Otto cycle. This should comply with precise specifications concerning its physical and chemical qualities, of which the most important is resistance to self-inflammation.

Hydrocracking

Process of cracking with the use of hydrogen and under the action of catalysts that allows the conversion of less valuable, highboiling-point oil fractions into lighter, more valuable fractions. The hydrogen allows working at lower temperatures and greater selectivity and, therefore, produces better results. The products from the reaction are saturated compounds, which provide them with important stability qualities.

Jet fuel

Fuel for jet motors used in aviation

Liquefied natural gas (LNG)

Natural gas that is changed into its liquid state to enable transportation. Liquefaction is performed by a reduction in the temperature of the gas,

7. **Glossary and abbreviations**

to atmospheric pressure, to amounts of less than -160°C. The volume of the LNG is approximately 1/600 of the volume of natural gas.

Liquefied Petroleum Gas (LPG)

Gaseous hydrocarbons, under normal conditions of temperature and pressure, and liquids, by raising the pressure or reduction of temperature, which can legally be transported and stored. The most common are propane and butane.

Lubricants

Products obtained by mixing one or more base oils and additives. This process obeys specific formulas due to the use of the lubricant. The percentage of additives in the lubricating oils reaches 40%. The lubricating oils have three main uses: automobiles, industry and marine.

Naphtha

Oil product fraction that is located between gases and oil. This is also a raw material in the petrochemical industry, from which cracking provides a large variety of products. This can also form part of the composition of engine gasoline (light naphtha) or,in the case of heavy naphtha, serve as a raw material for the production of reformate.

Natural gas

Mix of light hydrocarbons found in the subsoil, in which methane is present at a percentage of more than 70% volume. The composition of natural gas may vary depending upon the field in which it is produced and the processes of production, conditioning, processing and transport.

Net entitlement production

The production percentage of the rights for the exploration and production of hydrocarbons in a concession following production-sharing agreements.

Prospective resources

Quantities of oil that have, on a certain date, been estimated as potentially recoverable from undiscovered accumulations through future development projects. The estimation of a prospect's resources is subject to both commercial and technological uncertainties. Risked mean estimates prospective resources have a higher implied recovery probability than unrisked mean estimate resources. The quantities classified as prospective resources cannot be classified as contingent resources or reserves.

Proven reserves (1P)

Under the definitions approved by the SPE and the WPC, proven reserves are those quantities of oil which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and government regulations.

If deterministic methods are used, the expression "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The definition of current economic conditions should include relevant historical oil prices and associated costs. In

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general, reserves are considered proven if the commercial productivity of the reservoir is supported by actual production or formation tests. In this context, the term "proven" refers to the actual quantities of oil reserves and not just the productivity of the well or reservoir. The area of the reservoir considered as proven includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) the undrilled portions of the reservoir that can reasonably be judged as commercially productive on the basis of available geological and engineering data. Reserves may be classified as proven if facilities to process and transport those reserves to market are operational at the time of the estimate or there is a reasonable expectation that such facilities will be installed.

Proven and probable reserves (2P)

2P reserves correspond to the sum of proven (1P) and probable reserves. Under the definitions approved by the SPE and the WPC, probable reserves are a category of unproven reserves. Unproven reserves are based on geological or engineering data similar to those used in estimates of proven reserves but in relation to which technical, contractual, economic or regulatory uncertainties preclude such reserves from being classified as proven. Probable reserves are those quantities of oil that, by analysis of geological and engineering data, have a lower probability of being recovered than the proven reserves, but higher than the possible reserves.

If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the 2P estimate.

Proven, probable and possible reserves (3P)

3P reserves correspond to the sum of proven, probable and possible reserves. Under the definition approved by the SPE and the WPC, possible reserves are a category of unproven reserves. Unproven reserves are based on geological or engineering data similar to those used in estimates of proven reserves but in relation to which technical, contractual, economic or regulatory uncertainties preclude such reserves from being classified as proven. Possible reserves have a lower probability of being recovered than probable reserves. If probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the 3P estimate.

Refinery

The installation where the industrial processes designed to transfer the crude oil into products adapted to the needs of the consumers (fuels, lubricants, bitumen, etc.) or into raw materials for other so-called" second generation" industries (for example, the petrochemical industry).

Renewable energy

Energy that is available from permanent and natural energy conversion processes and is economically exploitable under present conditions or in the foreseeable future.

Replacement Cost (RC)

According to this method, the cost of goods sold is valued at the cost of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by the

7. **Glossary and abbreviations**

Portuguese IFRS and is consequently not adopted for valuing inventories. This method does not reflectthe cost of replacing other assets.

Replacement Cost Adjusted (RCA)

In addition to using the replacement cost method, RCA items exclude non-recurring events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its regular operational performance.

Seismic

Seismic acquisition involves the generation (source) and recording (receiver) of seismic data. A source, such as a vibrator unit, dynamite shot, or an air gun, generates acoustic or elastic waves that travel into the Earth, pass through strata with different seismic responses and filtering effects, and return to the surface to be recorded as seismic data. The receiver may include different configurations, including laying geophones or seismometers on the surface of the Earth or seafloor, pulling hydrophones behind a marine seismic vessel, suspending hydrophones vertically in the sea or placing geophones in a wellbore (as in a vertical seismic profile) to record the seismic signal.

Social Return on Investment (SROI)

Cost-benefit analysis of the social value generated by the intervention of an organisation. This social impact assessment tool compares the social value generated by the intervention with the necessary expense for this benefit through a ratio between the net present value of the benefits and the net present value of the investment.

Solar energy

Renewed and sustainable energy source, proven by the sun's light and heat, which is harnessed and used by means of different technologies, mainly as solar heating, solar photovoltaic energy, heliothermic energy and solar architecture.

Spot market

The name, relating to products such as oil, used to describe the international commerce of products shipped in single cargos, such as crude oil, the prices of which closely follow the respective demand and availability.

Storage facility

Installation used by principal and collector pipeline companies, producers of crude oil, and terminal operators (except refineries) for storage of crude oil and oil products.

Wind farm

Group of wind turbines for the production of electrical energy interlinked by a common network by means of a system of transformers, distribution lines and, usually, a substation. The functions of exploration, control and maintenance are normally centralised by means of a monitored IT system, which is complemented by visual inspections.

Wind power

Kinetic energy – that is, energy that is generated by movement that is obtained by displacement of the air, or in other words, wind. This can be

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converted into mechanical energy for the enactment of pumps, mills and electrical energy generators.

Working interest production

The production percentage of the rights for exploration and production of hydrocarbons in a concession before the effect of production-sharing agreements.

7. **Glossary and abbreviations**

Abbreviations and acronyms

%: percentage

@: at

3D: three dimensions

4D: four dimensions

oC: Celsius

ACS: Actividades de Construccion Y Servicios S.A.

ACT: Assessing Low-Carbon Transition initiative

AIP: Production Individualisation Agreements

AGM: Annual General Shareholders' Meeting

AI: artificial intelligence

Amorim Energia: Amorim Energia, B.V.

APCER: Associação Portuguesa de Certificação (Portuguese Association of Certification)

ANP: Age^ncia Nacional do Petróleo, Gás Natural e Biocombustíveis (Brazilian energy sector regulator)

ANPG: Agência Nacional de Petróleo, Gás e Biocombustiveis (Angolan energy sector regulator)

ANP-SPT: National Petroleum Agency of São Tomé and Príncipe

APEE: The Association of Private Enterprise Education

API: American Petroleum Institute gravity

B2B: Business to Business

B2C: Business to Consumer

b.p.: basis points

bbl: barrel of oil

BBLT: Benguela, Belize, Lobito and Tomboco

bcm: billion cubic metres

BCSD: Business Council for Sustainable Development

BGI: Building Global Innovators

BIOREF: Collaborative Laboratory for Biorefineries

bn: billion

BoD: Board of Directors

boe: barrel of oil equivalent

7. **Glossary and abbreviations**

BRL (or R$): brazilian reais

BSEE: Bureau of Safety and Environmental Enforcement

BU: Business Units

c.: circa

C&L: consumptions and losses

CCS: carbon capture and storage

CCUS: carbon capture, utilisation and storage

CDP: Carbon Disclosure Project

CEC: Ethics and Conduct Committee

CEO: chief executive officer

CESE: Energy Sector Extraordinary Contribution (Portugal)

CFFO: cash flow from operations

CFO: chief financial officer

CGA: Cognitive Geoscience Advisor

CGR: condensate to gas ratio

CGU: cash generating unit

CH_4: methane

CITE: Comissão para a Igualdade no Trabalho e no Emprego (Commission for Equality in Labour and Employment)

CLC: Companhia Logística de Combustíveis, S.A.

CLC GB: Companhia Logística de Combustíveis Guiné Bissau, S.A.

CLCM: Companhia Logística de Combustíveis da Madeira, S.A.

CMVM: Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Regulator)

CNG: compressed natural gas

CNPD: Comissão Nacional de Proteção de Dados

CO_2: carbon dioxide

CO_2e: carbon dioxide equivalent

COFINS: contribution to social security financing

CONCAWE: Conservation of Clean Air and Water in Europe

COO: chief operating officer

COSO: Committee of Sponsoring Organisations of the Treadway Commission

CRO: chief risk officer

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CSC: Commercial Law (Código das Sociedades Comerciais)

CSIRT: CyberSecurity Incident Response Team

CTA: cumulative translation adjustment

CTI: Circular Transition Indicators

CURG: last-resort wholesaler distributors

CURR: last-resort retailers marketers

CVM: Portuguese securities code

CWT: complexity weighted tonne

d: day

DCF: discounted cash flow

DD&A: Depreciation, Depletion, and Amortization

DGS: Direção Geral de Saúde (portuguese national health entity)

DJSI: Dow Jones Sustainability Index

DSIC: Dalian Shipbuilding Industry Corporation

DST: drill stem test

DSU: debt service undertaking

E: Estimate

E&P: Exploration & Production

Ebit: earnings before interest and taxes

Ebitda: earnings before interest, taxes, depreciation and amortisation

EC: Executive Committee

EDP: Energias de Portugal, S.A.

EEZ - Exclusive Economic Zone

EI: Energia Independente

EIA: environmental impact assessment

EIP: European Impact Partners

EIT: European Institute of Innovation & Technology

EMPL: Europe-Maghreb Pipeline

EMTN: Euro Medium Term Note

EMV: Expected Monetary Value

ENH: Empresa Nacional de Hidrocarbonetos (National hydrocarbons company of Mozambique)

Eni: Eni, S.p.A.

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EQS: Environment, Quality and Safety

ERSE: Entidade Reguladora dos Servic¸os Energéticos (Portuguese energy market regulator)

ERU: emission reduction units

ESCO: energy service company

ESG: Environmental, social and governance

ESHIA: Environmental, Social and Health Impact Assessment

ESIAS: Environmental and Social Impact Assessments

EU: European Union

EU ETS: European Union Emissions Trading System

EUA: emission unit allowances

EUR (or €): Euro

EV: Electric Vehicles

EWT: extended well test

FAME: fatty acid methyl ester

FASB: Financial Accounting Standards Board

FCF: free cash flow

FCP: Fast charging points

FEED: front-end engineering design

FID: final investment decision

FLNG: floating, liquefied natural gas unit

FPSO: floating, production, storage and offloading unit

FSB: Financial Stability Board

FUNAE: Fundo Nacional de Energia (Mozambique)

FX: exchange rate

g: grams

G&A: general and administrative

G&G: geological and geophysical studies

Galp: Galp Energia, SGPS, S.A., Company, Group or Corporation

GDP: Gross domestic product

GDP: Gás de Portugal, SGPS, S.A.

GDPR: General Data Protection Regulation

GGND: Galp Gás Natural Distribuic¸ão, S.A.

7. **Glossary and abbreviations**

GHG: greenhouse gases

GRI: Global Reporting Initiative

GVA: Galp Added Value

Gtoe: giga tonne of oil equivalent

GW: gigawatt

GWh: gigawatt-hour

GWp: gigawatt-peak

h: hour

H2: hydrogen

HSE: Health, Safety and the Environment

HVO: hydrogenated vegetable oil

IAS: International Accounting Standards

IASB: International Accounting Standards Board

IASC: International Accounting Standards Committee

IBAT: Integrated Biodiversity Assessment Tool

IBM: International Business Machines Corporation

ICE: Intercontinental Exchange

IFA: Accident Frequency Index

IFAT: Total Accident Frequency Index

IFRIC: International Financial Reporting Interpretation Committee

IFRS: International Financial Reporting Standards

IGEN: Business Forum for Equality

IIA: The Institute of Internal Auditors

IIRC: International Integrated Reporting Council

IMO: International Maritime Organisation

IMPEL: Integrated Water Approach and Urban Reusz

IMS: Integrated Management System

IOC: International Oil Company

IOGP: International Association of Oil and Gas Production

IPCEI: Important Project of Common European Interest

IPCG: Portuguese Institute of Corporate Governance

IPIECA: Global Oil and Gas Industry Association for Environmental and Social Issues

7. **Glossary and abbreviations**

IRC: corporate income tax

IRP: oil income tax (Angola)

ISIN: International securities identification number

ISO: International Organisation for Standardisation

ISP: Portuguese Tax on Oil Products (Imposto sobre Produtos Petrolíferos)

IsPG: Instituto do Petróleo e Gás (Brazilian Institute of Oil and Gas)

ISQ: Instituto de Soldadura e Qualidade

IT: Information Technology

IUCN: International Union for Conservation of Nature

JDZ: Joint Development Zone

JV: joint venture

k: thousand/thousands

kbbl: thousand barrels of oil

kboepd: thousand barrels of oil equivalent per day

kbpd: thousand barrels of oil per day

kg: kilogram

km/km^2: kilometres/square kilometres

Kosmos: Kosmos Energy

Kton/kt: thousand tonnes

LNG: liquefied natural gas

LPG: liquefied petroleum gas

LRO: local risk officer

LTIF: Lost Time Injury Frequency

m: million

m^3: cubic metres

M&A: mergers and acquisitions

MaaS: Mobility as a Service

mboe: million barrels of oil equivalent

mbpd: million barrels of oil per day

mbtu: million British thermal units

mbbl: million barrels of oil

mscf: millions of cubic feet

7. **Glossary and abbreviations**

MIBEL: Mercado Iberico de electricidade

MJ: Megajoules

mm^3: million cubic metres

MPDP: Market Production Data Platform

MRV: Mozambique Rovuma Venture S.p.A. MTM: mark-to-market

mton/mt: million tonnes

mtpa: million tonnes per annum

MW: megawatt

MWh: megawatt-hour

MWp: megawatt-hour

n.m.: not meaningful

NAMPOA: Namibia Petroleum Operators Association

NAMCOR: National Petroleum Corporation of Namibia

NCP: Normal charging points

NE: net entitlement

NG: natural gas

NGDO: Non-governmental development organisations

NHS: National health service

NOx: Nitrogen oxides

NPV: Net Present Value

OECD: Organisation for Economic Cooperation and Development

OHSAS: Occupational Health and Safety Assessment Services

OMEL: spot market Iberian electricity market

OMIP: forward market Iberian electricity market

op.: operator

OTC: over-the-counter

OU: organisational units

p.a.: per annum

p.p.: percentage points

Parpública: Parpública – Participações Públicas, SGPS, S.A.

PCR: polymerase chain reaction

Petrobras: Petróleo Brasileiro, S.A.

7. **Glossary and abbreviations**

Petrogal: Petróleos de Portugal – Petrogal, S.A.

PIA: production individualisation agreement

PoD: Plan of Development

POS: Probability of Geological Success or probability of success

PPA: purchase power agreement

PPSA: Pré-Sal Petróleo S.A.

PSA: production sharing agreement

PSC: production sharing contracts

PSI-20: Portuguese stock market reference index

PV: Photovoltaic

PwC: PricewaterhouseCoopers

PWN: Lisbon's Professional Women's Network

RED: Renewable Energy Directive

R&D: Research & Development

R&M: Refining & Midsream

R&NB: Renewables & New Businesses

RAB: regulatory asset base

RC: replacement cost

RCA: replacement cost adjusted

RDA: Reservoir Data Acquisition

RED: Renewable energy directive

REN: Redes Energéticas Nacionais, SGPS, S.A.

ROACE: Return on capital employed

ROC: statutory auditor

ROI: return on investment

S: sulfur

S4G: Supply 4 Galp

SaaS: Software as a Service

SASB: Sustainability Accounting Standards Board

SDG: Sustainable Development Goals

SDS: sustainable development scenario

SGPS: Sociedade Gestora de Participac¸ões Sociais (Holding company)

7. **Glossary and abbreviations**

SIC: Standing Interpretation Committee

SO_2: Sulfur dioxide

SPPI: Solely Payments of Principal and Interests

STP: São Tomé and Príncipe

SPT: Special Participation Tax (Brazil)

STEPS: Stated Policies Scenario

SROC: firm of statutory auditors

SURF: subsea, umbilical, risers e flowlines

SXEP: STOXX Europe 600 Oil & Gas Index

tcf: trillion cubic feet

TCFD: Task Force on Climate-related Financial Disclosure

TJ: terajoule

TL: Tomboa-Landana

toe: tonne of oil equivalent

tonCO_2/tCO_2 tonnes of carbon dioxide

tonCO_2e/ tCO_2e: tonnes of carbon dioxide equivalent

ton/t: tonne

TPED: total primary energy demand

TRIR: Total Recordable Injury Rate

TSR: total shareholder return

TTF: title transfer facility

TVI: Televisão Independente (Independet television)

TWh: terawatt-hora

U.S.A.: United States of America

U.K.: United Kingdom

UN: United Nations

UNESCO: United Nations Educational, Scientific and Cultural Organisation

UNGC: United Nations Global Compact

Up: Upcoming energies

URD: distribution network use

USSR: Union of Soviet Socialist Republics

URT: transportation network use

7. **Glossary and abbreviations**

USD (or $): United States Dollar

V2G: Vehicle-to-Grid

Var.: variation

VAT: value added tax

VLSFO: very low sulphur fuel oil

VUCA: Volatility, Uncertainty, Complexity, Ambiguity

WAC: weighted average cost

WACC: weighted average cost of capital

WBCSD: World Business Council For Sustainable Development

WHO: World Health Organization

WI: working interest

WRI: World Resources Institute

wt: weight

WWF: World Wildlife Fund

YoY: year-on-year

Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, including with respect to energy transition, carbon intensity reduction or carbon neutrality. An ambition expresses an outcome desired or intended by Galp, it being specified that the means to be deployed may not depend solely on Galp. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management's expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such those statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Galp to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements may generally be identified by the use of the future or conditional tense or the use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "envision", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp's management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments' performance with those of its competitors. This document also contains non-financial performance indicators, including a carbon intensity indicator for energy products sold by Galp, that measures the amount of greenhouse gas emissions of those products, from their production to their end use, per unit of energy delivered. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchased (scope 2), as well as the emissions associated with the use of products by Galp's costumers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp's website at galp.com.

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