



ENERGY EMOTION

PART IV
APPENDICES 2019



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1. CONSOLIDATED NON-FINANCIAL INFORMATION

1. CONSOLIDATED NON-FINANCIAL INFORMATION

Under Article 508-G of the Portuguese Companies Code (following the provisions of Directive 2014/95/EU of the European Parliament and the Council, regarding the disclosure of non-financial and diversity information, transposed into Portuguese law through Decree-Law No. 89/2017, of July 28).

Matter	Relevant Policies	Implementation of mechanisms and due diligence processes; Main indicators and results
Environment	<p>Health, Safety and Environmental Policy https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamentos/EN/P-002%20-%20Rev%2002%20Safety%20Health%20and%20Environmental%20Policy.pdf</p> <p>Galp believes that protecting people, the environment and its assets is essential to the generation of sustainable value, assuming its responsibility to manage the risks and impacts of its activities.</p> <p>Company Standard Regulation- Health, Safety, Social and Environmental (HSE&S) Specific Requirements for Projects. Standard Summary: https://www.galp.com/corp/Portals/0/Recursos/Sustentabilidade/SharedResources/Documents/Galp_HSSE%20Specific%20Requirements%20in%20Projects_Standard_Summary_1.pdf</p> <p>It defines the HSE&S requirements which must be met in the decision making process, associated with each development stages (throughout the entire lifecycle) of projects, to ensure the protection of people, the environment and assets, based on an HSE&S risk assessment and in line with Galp's Health, Safety and Environmental Policy and its commitments.</p> <p>Climate Change Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Climate-Change-Policy.pdf</p> <p>Aware of the challenges that climate change represents and considering the expectations of its stakeholders, Galp has updated its operating policy on climate change.</p>	<p>Please refer to the following sections of Chapter 5 of Part I of this report</p> <ul style="list-style-type: none"> - Integrated Management Report: • The pace of the society evolution • Our purpose • Be responsible

1. CONSOLIDATED NON-FINANCIAL INFORMATION

Matter	Relevant Policies	Implementation of mechanisms and due diligence processes; Main indicators and results
Social	<p>Code of Ethics and Conduct https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Codigo-De-Conduta-Etica-EN.pdf Galp has made in its Code of Ethics and Conduct commitments to society in relation to human rights, corporate responsibility.</p> <p>Human Rights Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/human-rights-policy.pdf Galp believes that human rights are inherent to the human condition, and are therefore inalienable, universal, indivisible and interdependent. As an integrated energy operator, the Company assumes its defence and promotion, whatever the geography and context in which it operates, and the continuous improvement of the instruments that support the implementation of this policy.</p> <p>Corporate Social Responsibility Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Corporate%20Social%20Responsibility%20Policy%20-%20last%20version.pdf As a reference company in the energy sector, Galp endorses corporate social responsibility as a fundamental element of its management throughout its entire value chain and in its relations with stakeholders, in the different contexts and geographies in which it operates.</p> <p>Community Investment Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/community-investment-policy.pdf As an integrated energy operator, present in different geographies, Galp takes on the challenge of being a key partner to the communities where it conducts business, with the purpose of promoting the social and economic development of those regions, in line with its strategy.</p>	<p>Please refer to the following sections of Chapter 5 of Part I of this report -Integrated Management Report:</p> <ul style="list-style-type: none"> • Our purpose • People at the centre with a common purpose • Raising a conscious business

1. CONSOLIDATED NON-FINANCIAL INFORMATION

Matter	Relevant Policies	Implementation of mechanisms and due diligence processes; Main indicators and results
Employees	<p>Health, Safety and Environmental Policy https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamentos/EN/P-002%20-%20Rev%2002%20Safety%20Health%20and%20Environmental%20Policy.pdf</p> <p>Galp believes that protecting people, the environment and its assets is essential to generating sustainable value, assuming its responsibility for managing the risks and impacts of its activities.</p> <p>Code of Ethics and Conduct https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Codigo-De-Conduta-Etica-EN.pdf</p> <p>We need all of Galp's people to act in accordance with our values and with integrity and respect for each other.</p> <p>Human Rights Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/human-rights-policy.pdf</p> <p>Galp believes that human rights are inherent to the human condition, and are therefore inalienable, universal, indivisible and interdependent. As an integrated energy operator, the Company assumes its defence and promotion, whatever the geography and context in which it operates, and the continuous improvement of the instruments that support the implementation of this policy.</p> <p>Company Standards Regulations on Recruitment and Mobility, Internships, Learning management, International Mobility and Job Family Model.</p> <p>Galp follows an integrated lifecycle approach to manage employees' talent, focused on the following areas: recruitment; on-boarding of new people; performance management; development; reward and acknowledgment; learning and training; mobility; organisational climate and the Company's values. This approach resulted in several programmes fully aligned with Galp's values and culture, ensuring that we add value for our employees through which they can enhance their skills by taking on new challenges.</p>	<p>Please refer to the following sections of Chapter 5 of Part I of this report</p> <p>-Integrated Management Report:</p> <ul style="list-style-type: none"> • People at the centre with a common purpose • Raising a conscious business

1. CONSOLIDATED NON-FINANCIAL INFORMATION

Matter	Relevant Policies	Implementation of mechanisms and due diligence processes; Main indicators and results
Gender equality	<p>Code of Ethics and Conduct https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Codigo-De-Conduta-Etica-EN.pdf Establishes Galp's commitments and its employee's regarding non-discrimination.</p> <p>Human Rights Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/human-rights-policy.pdf Galp has committed not to tolerate any form of discrimination on the basis of gender.</p> <p>Diversity policy for the board of directors and audit board 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 Galp acknowledges the benefits of diversity within its Board of Directors and Audit Board as a way of improving the balance of its composition, improving the performance of its members, reinforcing the quality of decision-making and control processes, avoid the effects of groupthink and contributing to Galp's sustainable development.</p> <p>Plan for equality 2019 https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Plano%20para%20a%20Igualdade%202019%20-%20Versao%20final_EN.pdf</p> <p>Plan for equality 2020 https://www.galp.com/corp/Portals/0/Recursos/Sustentabilidade/SharedResources/Documents/Plano%20para%20a%20Igualdade%202020_EN.PDF Bearing in mind the importance of gender equality, as a means of demonstrating Galp's commitment to this goal, and in compliance with Article 7 of Law No. 62/2017 of 1 August, Galp present, annually, its plan for equality, aimed at achieving effective equal treatment and opportunities for men and women, promoting the elimination of discrimination on the grounds of sex and promoting balance between personal, family and professional life.</p>	<p>At Galp's Annual General Meeting held on 12 April 2019, the new members of the governing bodies for the 2019-2022 mandate were elected. The Board of Directors is now composed of five women out of 19 members, one of whom holds the position of Chairman of the Board of Directors and two are on the Company's Executive Committee which is made up of seven members. Women thus represent 26.3% of the Board of Directors, above the legally established 20%, and 28.6% of the Executive Committee. The Audit Board consists of three full members, one of whom is a woman.</p> <p>In the development and fulfilment of the commitments assumed by Galp for 2019 within the Business Forum for Equality – iGEN and incorporated into Galp's Equality Plan for 2019, Galp implemented initiatives to promote the discussion, definition and implementation of best practice in relation to equal opportunities, in 2019.</p> <p>Please refer to the following sections of the Chapter 5 of Part I of this report -Integrated Management Report:</p> <ul style="list-style-type: none"> • People at the centre with a common purpose • Raising a conscious business

1. CONSOLIDATED NON-FINANCIAL INFORMATION

Matter	Relevant Policies	Implementation of mechanisms and due diligence processes; Main indicators and results
Non-discrimination	<p>Code of Ethics and Conduct https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Codigo-De-Conduta-Etica-EN.pdf</p> <p>Establishes Galp's commitments and its employees's regarding non-discrimination.</p> <p>Human Rights Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/human-rights-policy.pdf</p> <p>Galp has committed not to tolerate any form of discrimination on the basis of race or ethnic origin, colour, gender, sexual orientation, age, religion, nationality, family and socioeconomic status, marital status, education, disability, political ideology, among others, ensuring equal opportunities and equal treatment in matters of professional activity.</p>	<p>Please refer to the following sections of Chapter 5 of Part I of this report</p> <p>-Integrated Management Report:</p> <ul style="list-style-type: none"> • Our purpose • People at the centre with a common purpose • Raising a conscious business
Human rights	<p>Code of Ethics and Conduct https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Codigo-De-Conduta-Etica-EN.pdf</p> <p>Establishes Galp's commitment to minimising the actual or possible negative impact on communities where Galp carries out activities, and to respect the right of the communities to be heard before beginning any activity that might have such an impact and to provide and contract for the provision of goods and services only from suppliers that Galp considers, to the best of its knowledge, to have respect for human rights in a manner equivalent to that undertaken by Galp.</p> <p>Human Rights Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/human-rights-policy.pdf</p> <p>Galp believes that human rights are inherent to the human condition, and therefore, are inalienable, universal, indivisible and interdependent. As an integrated energy operator, the Company commits to defend and promote human rights, whatever the geography and context in which it operates, and continuously to improve the instruments that support the implementation of this policy.</p>	<p>Please refer to the following sections of Chapter 5 of Part I of this report</p> <p>-Integrated Management Report:</p> <ul style="list-style-type: none"> • Our purpose • People at the centre with a common purpose • Raising a conscious business

1. CONSOLIDATED NON-FINANCIAL INFORMATION

Matter	Relevant Policies	Implementation of mechanisms and due diligence processes; Main indicators and results
Prevention of corruption and bribery	<p>Code of Ethics and Conduct https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Codigo-De-Conduta-Etica-EN.pdf</p> <p>We are committed not to resort to bribery or influence peddling, irrespective of their form or means, in order to obtain any result, whether licit or illicit, contrary or not to the purposes and objectives of the company. Similarly, we explicitly reject receiving any bribes.</p> <p>Corruption Prevention Policy https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Corruption_Prevention_Policy_1.pdf</p> <p>Galp is committed to monitoring the evolution of best practice on the prevention of corruption risk in order to achieve continuous improvements. The Policy lists the principles in line with the values that guide the Code of Ethics and Conduct. The Standard approved in 2018 establishes rules for the prevention, detection and responses to the risk of corruption in Galp group, developing what is set out 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 the course of its activities in the various geographies in which it operates.</p> <p>Standard Regulation on Corruption Prevention A regulatory standard that operationally implements the Corruption Prevention Policy was also approved and implemented, containing such standards and procedures related to the realization or acceptance of offers, the performance of third-party integrity verification and the reporting of irregularities related to corruption.</p> <p>Company Standard Regulation - Management of Conflicts of Interest This standard has the purpose of preventing, avoiding, reporting and treating conflicts of interests of Galp employees, as well as their partners, in an ethical and responsible way.</p>	<p>As part of the process of assessing any new potential investment in a different geography, Galp evaluates the risks posed by the country's legal and regulatory framework.</p> <p>Galp also performs compliance due diligence procedures on its most relevant business partners, service providers and suppliers prior to entering into transactions with them, in order to ensure that such entities also have appropriate and effective policies and procedures related to the prevention of Corruption and Bribery.</p> <p>During 2019, 240 counterparties were assessed by our internal integrity verification systems. In four cases significant risks were identified and therefore negotiations with such counterparties were terminated.</p> <p>465 prior assessment processes of the realisation and/or receipt of offers involving Galp employees were also conducted.</p> <p>Additionally, Galp carried out a training program for the most relevant suppliers on its Code of Ethics and Conduct and compliance matters. Such training covered 995 suppliers.</p> <p>Please refer to the following section of Chapter 5 of Part I of this report - Integrated Management Report:</p> <ul style="list-style-type: none"> • Raising a conscious business
Brief description of Company's business model	Information on Galp's business model may be found on «Notes to the consolidated financial statements as at 31 December 2019» of the Part III - Consolidated and individual financial statements.	
Associated risks	This information is available at section 53 of Part II of this report - Corporate Governance Report (details and descriptions of the major economic, financial and legal risks to which the Company is exposed in pursuing its business activity).	

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

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 2019, 2018 and 2017 are as follows:

31 December 2019	Africa	Latin America	Rest of the world	Unit: €k
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)
Operating income for the E&P activities	(64,825)	500,919	4	436,099

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

Unit: €k

31 December 2018	Africa	Latin America	Rest of the world	Total
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

31 December 2017

Consolidated total contribution				
Sales	107,040	1,283,800	-	1,390,840
Production costs	(25,155)	(149,196)	-	(174,351)
Royalties	-	(129,784)	-	(129,784)
Other operating costs	(5,005)	(93,845)	(63)	(98,913)
Exploration costs	-	(5,085)	(23,983)	(29,069)
Depreciation, amortisation and provisions for the period	(126,988)	(296,108)	-	(423,096)
Operating income before tax for the E&P activities	(50,108)	609,781	(24,046)	535,627
Taxes	8,063	(350,478)	5,707	(336,708)
Operating income for the E&P activities	(42,045)	259,304	(18,340)	198,919

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

Sales from production include 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: €55,064 k in 2019, €80,175 k in 2018, and €67,250 k in 2017.

As of 1 January 2019, Galp adopted the IFRS 16 accounting standard. 2018 and 2017 figures were not restated according to this accounting standard.

For comparison purposes, the adoption of this standard has an impact of €135,518 k in production costs and €89,859 k in depreciation, depreciation and provisions for the year.

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 companies, in accordance with FASB Topic 932, and includes costs recorded in companies that are not fully consolidated in the amount of €3,748 k in 2019, €2,586 k in 2018 and €4,368 k in 2017.

Exploration costs consist of exploration impairments, namely costs of dry wells or asset impairments following the decision to relinquish exploration licences, in accordance with the accounting policy described in Note 5 Tangible Assets from the Notes to the consolidated financial statements.

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 capitalised. This methodology was not applied retrospectively for 2017.

Amortisation, depreciation and provisions for the period include costs recorded in companies that are not fully consolidated and which amounted to €14,129 k in 2019, €28,600 k in 2018 and €22,625 k in 2017.

Operating income does not include overhead costs and financial costs, in accordance with FASB Topic 932.

The caption “Taxes” includes: oil tax payable in Africa, the Special Participation Tax (SPT) applicable to blocks in Brazil, and income tax in accordance with the applicable tax laws applicable in each country. The amount of taxes has been adjusted to exclude overheads and financial costs that were excluded from operating income.

The operating results exclude interest expenses attributable to oil and gas activities.

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

Capital expenditure in E&P activities

Capital expenditure in E&P activities by geography, for the years 2019, 2018 and 2017 is as follows:

				Unit: €k
31 December 2019	Africa	Latin America	Rest of the world	Total
Consolidated total contributions				
Acquisitions without proved reserves	-	76,699	-	76,699
Exploration	1,187	129,072	34	130,293
Development	207,000	172,500	-	379,500
Total incurred in the period	208,187	378,271	34	586,492
31 December 2018				
Consolidated total contributions				
Acquisitions without proved reserves	-	174,198	-	174,198
Exploration	(749)	50,290	997	50,538
Development	187,845	209,219	-	397,064
Total incurred in the period	187,096	433,707	997	621,800
31 December 2017				
Consolidated total contributions				
Acquisitions without proved reserves	-	151,023	-	151,023
Exploration	20,005	14,694	5,926	44,625
Development	185,110	471,047	-	656,157
Total incurred in the period	209,115	636,74	5,926	851,805

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

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 capitalised. This methodology was not applied retrospectively for 2017.

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-11A 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 2 of the consolidated financial statements.

In 2019, an exchange rate of 4.5157 EUR:BRL was considered for assets in Brazil and an exchange rate of 1.1234 EUR:USD was considered for assets in Africa.

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 wells are fully capitalised in accordance with Note 5 - Tangible Assets, from the consolidated financial statements. Dry wells are recognised as costs and included in the table below, as are recognised. Relinquished blocks are written-off from assets, and consequently, are not included in this information.

Cumulative investments in E&P activities which are reflected in the Group's financial position are as follows:

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

				Unit: €k
31 December 2019	Africa	Latin America	Rest of the world	Total
Consolidated total contributions				
Assets with proved reserves				
Fixed assets	852,403	3,295,403	-	4,147,806
Work in progress (incomplete wells)	1,182,670	1,025,048	-	2,207,718
Assets without proved reserves	328,711	607,719	1,993	938,423
Support equipment	371	6,571	-	6,942
Gross cumulative investment	2,364,154	4,934,742	1,993	7,300,889
Cumulative amortisations, depreciations and impairments	(1,128,478)	(923,371)	(1,993)	(2,053,842)
Net cumulative investments	1,235,677	4,011,370	-	5,247,047
31 December 2018				
Consolidated total contributions				
Assets with proved reserves				
Fixed assets	1,280,944	2,279,453	-	3,560,397
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)	(1,817,324)
Net cumulative investments	1,146,850	3,064,984	-	4,211,834
31 December 2017				
Consolidated total contributions				
Assets with proved reserves				
Fixed assets	1,159,279	2,244,068	-	3,403,347
Work in progress (incomplete wells)	923,388	1,158,494	-	2,081,882
Assets without proved reserves	301,727	490,772	51,119	843,618
Support equipment	312	16,472	39	16,824
Gross cumulative investment	2,384,706	3,909,806	51,159	6,345,671
Cumulative amortisations, depreciations and impairments	(1,163,616)	(690,526)	(14,222)	(1,868,364)
Net cumulative investments	1,221,091	3,219,281	36,936	4,477,308

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

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 to fields which hold proved reserves at the end of each year, already producing and subject to amortisation;
 - 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 to 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. Under fixed assets with PR, it is accounted €749,070 k in 2019, €620,904 k in 2018 and €586,724 k in 2017. Under assets in progress, it is accounted €235,145 k in 2019, €413,817 k in 2018 and €554,331 k in 2017. Under cumulative amortisations, depreciations and impairments it is recorded €14,874 k in 2019, €79,815 k in 2018 and €52,587 k in 2017.

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 Note 2 of the consolidated financial statements.

In 2019, an exchange rate of 4.5157 EUR:BRL was considered for assets in Brazil and an exchange rate of 1.1234 EUR:USD was considered for assets in Africa.

Oil and gas reserves

Total proved reserves (1P) on 31 December 2019, 2018 and 2017 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 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 royalty regime.

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 \$64.3/bbl, \$71.0/bbl and \$54.3/bbl and corresponds to the average market price of Brent for 2019, 2018 and 2017, 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 Group's accounts.

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. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

Oil reserves (1P proved reserves)

				Unit: kbb
		Africa	Latin America	Total
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
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
2017				
Reserves on 31 December 2016		7,247	227,598	234,845
Developed		5,915	72,530	78,445
Undeveloped		1,332	155,068	156,400
Extensions and discoveries		-	-	-
Acquisitions and sales		-	-	-
Revisions of previous estimates		16,971	61,456	78,427
Production		(2,181)	(26,896)	(29,077)
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

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

Gas reserves (1P proved reserves)

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.

				Unit: mmscf
2019		Africa	Latin America	Total
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
2017				
Reserves on 31 December 2016		-	235,474	235,474
Developed		-	68,579	68,579
Undeveloped		-	166,895	166,895
Extensions and discoveries		-	-	-
Acquisitions and sales		-	-	-
Revisions of previous estimates		339,054	42,782	381,836
Production		-	(25,906)	-
Reserves on 31 December 2017		339,054	252,350	591,404
Developed		-	119,267	119,267
Undeveloped		339,054	133,083	472,137

2. SUPPLEMENTARY OIL AND GAS INFORMATION (UNAUDITED)

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 2019: \$64.3/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.

The cash flows were calculated in U.S. Dollars and translated into Euros at the average exchange rate of 2019 (1.1196 €:\$).

	Unit: €k		
31 December 2019	Africa	Latin America	Total
Future cash inflows	3,158,922	17,229,961	20,388,883
Future production costs	(654,405)	(3,815,254)	(4,469,659)
Future royalties	-	(1,757,705)	(1,757,705)
Future development and abandonment costs	(490,044)	(945,891)	(1,435,935)
Future net cash flow before tax	2,014,473	10,711,111	12,725,584
Future income tax	(349,343)	(5,916,226)	(6,265,569)
Future net cash flows	1,665,130	4,794,885	6,460,015
Discount factor (10%)	(1,009,002)	(1,672,686)	(2,681,688)
Standard measure of discounted future cash flows on 31 December 2018	656,128	3,122,199	3,778,327

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 IN 2019

3. **GALP REPORT PAYMENTS TO PUBLIC ADMINISTRATIONS IN 2019**

1. Introduction

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 it 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 2019, 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 2 June (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.

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 payments which are not attributable to a specific project are reported at entity level.

3. GALP REPORT PAYMENTS TO PUBLIC ADMINISTRATIONS IN 2019

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, they 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 31 December 2019, 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.

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.

3. GALP REPORT PAYMENTS TO PUBLIC ADMINISTRATIONS IN 2019

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 IN 2019

Summary Report

Unit: €k

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Angola	-	25,118	-	-	-	-	25,118
Brazil	-	441,294	185,075	-	(55,761)	-	628,140
East Timor	-	-	-	-	-	-	-
Mozambique	-	1	-	-	-	-	1
Namibia	-	-	-	-	81	-	81
Portugal	-	-	-	-	-	-	-
São Tomé and Príncipe	-	-	-	-	-	-	-
TOTAL	-	466,413	185,075	-	1,852	-	653,340

Report by Country: Angola
Government Report

Unit: €k

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	25,118	-	-	-	-	25,118
TOTAL	-	25,118	185,075	-	1,852	-	25,118

Project Report

Unit: €k

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Projects							
Block 14	-	3,776	-	-	-	-	3,776
Block 14k	-	419	-	-	-	-	419
Block 32	-	20,923	-	-	-	-	20,923
TOTAL	-	25,118	-	-	-	-	25,118

3. GALP REPORT PAYMENTS TO PUBLIC ADMINISTRATIONS IN 2019

Report by Country: Brazil

Government Report

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Unit: €k	Total
Governments								
Revenue	-	4,406	185,075	-	-	-		189,481
Agência Nacional do Petróleo, Gás Natural e Biocombustíveis	-	436,888	-	-	1,771	-		438,659
TOTAL	-	441,294	185,075	-	1,771	-		628,140

Project Report

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Unit: €k	Total
Entity level payment								
Petrogal Brasil, S.A.	-	4,406	-	-	239	-		4,645
Galp Energia, S.A.	-	-	-	-	-	-		-
Projects								
Block BM-S-11	-	436,888	184,607	-	17	-		621,512
Block POT-T-440	-	-	-	-	22	-		22
Block POT-T-479	-	-	297	-	-	-		297
Block POT-T-484	-	-	-	-	53	-		53
Block SEAL-T-412	-	-	-	-	206	-		206
Block SEAL-T-429	-	-	171	-	698	-		869
Block POT-T-447	-	-	-	-	62	-		62
Block POT-T-563	-	-	-	-	93	-		93
Block POT-T-608	-	-	-	-	24	-		24
Block POT-T-743	-	-	-	-	48	-		48
Block PN-T-136	-	-	-	-	154	-		154
Block PN-T-182	-	-	-	-	154	-		154
TOTAL	-	441,294	185,075	-	1,770	-		628,139

3. GALP REPORT PAYMENTS TO PUBLIC ADMINISTRATIONS IN 2019

Report by Country: Namibia
Government Report

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Unit: €k	Total
Governments								
Ministry of Mines and Energy	-	-	-	-	81	-		81
TOTAL	-	-	-	-	81	-		81

Project Report

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Unit: €k	Total
Governments								
Block 2112B	-	-	-	-	21	-		21
Block 2212A	-	-	-	-	22	-		22
Block 2813A	-	-	-	-	19	-		19
Block 2814B	-	-	-	-	19	-		19
TOTAL	-	-	-	-	81	-		81

Report by Country: Mozambique
Government Report

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Unit: €k	Total
Governments								
Ministry of Finance	-	1	-	-	-	-		1
TOTAL	-	1	-	-	-	-		1

Project Report

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Unit: €k	Total
Entity level payment								
Area 4	-	1	-	-	-	-		1
TOTAL	-	1	-	-	-	-		1

4. STATEMENT OF COMPLIANCE BY THE MEMBERS OF THE BOARD OF DIRECTORS

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 for the year 2019 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, 20 March 2020

The Board of Directors

Chairman

Paula Amorim

Vice- Chairmen

Miguel Athayde Marques
Carlos Gomes da Silva

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

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 in accordance with our mandate, we hereby present our opinion on the Annual Integrated Management Report which 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 2019.

We have met several times with the statutory auditor/external auditor, monitoring the performance of their work.

We have monitored the process of preparation and disclosure of financial statements, as well as the legal certification of the accounts.

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 financial statements for the year 2019 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 Portuguese Companies 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 for the year 2019 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.

Within the scope of our mandate, 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 for the year 2019 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

5. REPORT AND OPINION OF THE AUDIT BOARD

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 express our agreement with the management report, the individual and consolidated financial statements and the proposal of allocation of results for the financial year 2019 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 prevent them being approved at Annual 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 pursuit of the Audit Board's duties.

Lisbon, 20 March 2020

José Pereira Alves

Chairman

Fátima Castanheira Geada

Member

Pedro Antunes de Almeida

Member

5. REPORT AND OPINION OF THE AUDIT BOARD

Annual activity report of the Audit Board for the financial year 2019

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 2019.

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 Annual General Shareholders' Meeting held on 12 April 2019, for the 2019-2022 term of office, being composed of 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 and internal audit, assessing the internal control and audit procedures and any issues that arise directing the recommendations as it may deem fit;
- d) Receiving and dealing with communications of irregularities presented by the Company's employees and other stakeholders;
- e) Annually assessing the activity of the Company's statutory auditor/auditor;
- f) Monitoring the independence of the statutory auditor/auditor, especially regarding the provision of additional services.

II. Activities performed by the Audit Board in relation to the financial year 2019

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 prospects of the Company and had access to all other documents and clarifications from the persons from which they requested.

During 2019, the Audit Board, elected at the Annual General Meeting on 12 April 2019, held eight meetings and implemented various measures in the course of its duties, of which the following are highlighted:

5. REPORT AND OPINION OF THE AUDIT BOARD

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 2019 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 CFO and the teams responsible for some of the IT projects to obtain information related to the Company's activities.

The Audit Board also met regularly with the Statutory Auditor/External Auditor and the head of the Accounts Department, to analyze the Company's accounts.

Further, during 2019, the Audit Board attended 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 2020 and the business plan for 2020-2025 was approved 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 13, 2019, the Audit Board gave favourable opinions on the strategy update process presented by the Board of Directors under the 2020-2025 business plan.

During the year of 2019, the Audit Board also monitored the functioning of Galp's corporate governance system and its compliance with legal requirements, regulations and by-laws, and monitored legislative and regulatory developments in the

field of corporate governance, in particular in relation to the new Corporate Governance Code issued by the Portuguese Institute of Corporate Governance, which was adopted by Galp.

As part of its monitoring of corporate governance matters, the Audit Board also reviewed the Corporate Governance Report for 2019, confirming that the report includes the information required under Article 245-A of the Portuguese Securities Code (Código dos Valores Mobiliários [CVM]) and by CMVM (Comissão do Mercado de Valores Mobiliários [Portuguese Securities Market Commission]) Regulation No. 4/2013.

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.

At its meeting on 6 February, the Audit Board assessed the functioning of the Board of Directors and its committees during 2019, compliance with the Company's strategic plan and budget, risk management and the relationship between bodies and committees of society.

5. REPORT AND OPINION OF THE AUDIT BOARD

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/External Auditor, and on an appraisal of the findings of the audits and of the assessment procedures performed during the year by the Statutory Auditor/External Auditor.

The Audit Board reviewed the documents relating to the 2019 audit and the legal certification of the accounts and issued a favourable opinion thereupon.

3. Monitoring and inspection of the effectiveness of the internal control, risk management and internal audit systems

During 2019, 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 systems, either based on the reporting of information by the Internal Audit and Risk Management departments, or using the internal control report issued by the External Auditor.

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.

The Audit Board took regular notice of the activities pursued by the Risk Management Committee created within the Board of Directors on 12 April 2019.

At the Board of Directors' meeting that took place on 13 December 2019, the Audit Board issued a favourable opinion on the risk management policy implemented at Galp, considering it adequate for Galp's risk level.

The Audit Board supervised the activity carried out by the Internal Audit Department during 2019, through monthly monitoring of the execution of the respective annual audit activities plan approved by the Audit Board and information on the allocation of resources, having received reports from this Department. periodic reports on the audits carried out.

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 control 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 Audit Board became aware of the execution of the work in the compliance area provided for in the plan and approved

5. REPORT AND OPINION OF THE AUDIT BOARD

the annual plan of compliance activities for the next year presented by the Department of Legal Affairs and Governance and obtained information on the allocation of resources to compliance services.

The Chairman of the Audit Board participated in the Audit Board meeting held on November 20, 2019, as part of the presentation of the Annual Audit Plan for 2020.

4. Annual assessment of the activity of the Company's External Auditor

The Audit Board, at its meeting on 6 February, carried out an annual assessment of the External Auditor's activity.

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.

The External Auditor confirmed to the Audit Board that it had not detected any relevant irregularities in relation to its duties and that it had not encountered any difficulties whilst carrying out its duties.

During 2019, the Auditor was present at 3 meetings held by the Audit Board since he was elected on April 12, 2019, in which company accounts were analysed, internal control issues were debated, and audit risks were analysed identified.

The Audit Board exercised its role as the Company's interlocutor with the Auditor and as the recipient of the information prepared by him, regularly monitoring its activity, namely through the assessment of reports and documentation produced in the performance of the Auditor's 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 2019, 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 27.4% of the average fees paid to the Auditor in 2019 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).

5. Company's transactions with related parties

During the year of 2019 no transaction made with related

5. REPORT AND OPINION OF THE AUDIT BOARD

parties was subject to prior opinion of the Audit Board.

6. 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 accounting controls, auditing, anti-corruption and banking and financial crime occurring at Galp Group companies.

During the course of 2019, 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 fulfilment 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 2019, the procedures adopted and any actions/measures proposed.

Lisbon, 20 March 2020

José Pereira Alves

Chairman

Maria Fátima Geadá

Member

Pedro Antunes de Almeida

Member

6. INDEPENDENT REPORT ABOUT SUSTAINABILITY INFORMATION

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 2019, for the year ended in December 31, 2019, 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 2019, 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 2019, 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:

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PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

6. INDEPENDENT REPORT ABOUT SUSTAINABILITY INFORMATION

- a) reasonable assurance on whether Galp's Carbon Footprint 2019 (scopes 1 and 2); and
- b) limited assurance on whether the remaining sustainability information 2019 (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 2019, 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;
- (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, 2019;
- (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 2019 calculation, disclosed in the Integrated Management Report 2019.

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.

6. INDEPENDENT REPORT ABOUT SUSTAINABILITY INFORMATION

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 Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants 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 2019 (scopes 1 and 2), identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2019, for the year ended in December 31, 2019, was prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it.

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 2019, for the year ended in December 31, 2019, 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 2019, 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 2019 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 2019.

March XX, 2020

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)

Independent Assurance Report
December 31, 2019

Galp Energia, SGPS, S.A.
PwC 3 de 3

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: $API^\circ = (141.5/g) - 131.5$, where g is the density of the oil to $60^\circ F$ ($15.6^\circ C$). 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.

CO₂

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

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

7. GLOSSARY AND ABBREVIATIONS

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 catalysts 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 Forties 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 CO₂ during the combusting of fuels.

Direct emissions (S1)

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 (S2)

GHG emissions from the purchase of electricity, cold, heat or steam produced by other companies.

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Indirect emissions (S3)

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

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, 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.

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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 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

7. GLOSSARY AND ABBREVIATIONS

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 Portuguese IFRS and is consequently not adopted for valuing inventories. This method does not reflect the 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 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.

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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 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

AGM: Annual General Shareholders' Meeting

Amorim Energia: Amorim Energia, B.V.

ANP: Agência Nacional do Petróleo, Gás Natural e Biocombustíveis
(Brazilian energy sector regulator)

B2B: Business to Business

B2C: Business to Consumer

b.p.: basis points

bbl: barrel of oil

BBLT: Benguela, Belize, Lobito and Tomboco

bcf: billion cubic feet

bcm: billion cubic metres

BCSD: Business Council for Sustainable Development

bn: billion

boe: barrel of oil equivalent

BRL (or R\$): brazilian reais

c.: circa

C&L: consumptions and losses

CCS: carbon capture and storage

CCUS: carbon capture, utilisation and storage

CDP: CDP Institution

CEO: Chief Executive Officer

CESE: Energy Sector Extraordinary Contribution (Portugal)

CFFO: cash flow from operations

CFO: Chief Financial Officer

CH₄: methane

CLCM: Companhia Logística de Combustíveis da Madeira, S.A.

CMVM: Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Regulator)

CNPC: China National Petroleum Corporation

CNPD: Comissão Nacional de Proteção de Dados

CO₂: carbon dioxide

CO₂e: carbon dioxide equivalent

COFINS: contribution to social security financing

COO: Chief Operating Officer

CPS: current policies scenario

7. GLOSSARY AND ABBREVIATIONS

COSO: Committee of Sponsoring Organisations of the Treadway Commission

CSC: Commercial companies code (Código das Sociedades Comerciais)

CVM: Portuguese securities code

CWT: complexity weighted tonne

d: day

DCF: discounted cash flow

DD&A: depreciation, depletion and amortisation

DJSI: Dow Jones Sustainability Index

DoC: Declaration of Commerciality

DST: drill stem test

DSU: debt service undertaking

e: equivalent

E&A: Exploration & Appraisal

E&P: Exploration & Production

Ebit: earnings before interest and taxes

Ebitda: earnings before interest, taxes, depreciation and amortisation

EIA: environmental impact assessment

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.

EPC: Engineering, Procurement and Construction

ERSE: Entidade Reguladora dos Serviços Energéticos (Portuguese energy market regulator)

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

EUR (or €): Euro

EWT: extended well test

FAME: fatty acid methyl ester

FASB: Financial Accounting Standards Board

FCC: fluid catalytic cracking

FCF: free cash flow

FEED: front-end engineering design

FEUP: Faculdade de Engenharia da Universidade do Porto

FID: final investment decision

7. GLOSSARY AND ABBREVIATIONS

FPSO: floating, production, storage and offloading unit

FSB: Financial Stability Board

g: grams

G&A: general and administrative

G&G: geological and geophysical studies

G&P: Gas & Power

Galp: Galp Energia, SGPS, S.A., Company, Group or Corporation

GGND: Galp Gás Natural Distribuição, S.A.

GHG: greenhouse gases

GRI: Global Reporting Initiative

GW: gigawatt

GWh: gigawatt-hour

HVO: hydrogenated vegetable oil

HSE: Health, Safety and the Environment

HSE&S: Health, Safety, Environment and Security

IAS: International Accounting Standards

IASB: International Accounting Standards Board

IASC: International Accounting Standards Committee

IBAT: Integrated Biodiversity Assessment Tool

ICF: Inclusive Community Forum

IEA: International Energy Agency

IFRIC: International Financial Reporting Interpretation Committee

IFRS: International Financial Reporting Standards

iGen: Business Forum for Equality

IIRC: International Integrated Reporting Council

IMO: International Maritime Organisation

IMS: Integrated Management System

IOGP: International Association of Oil and Gas Production

IPCG: Portuguese Institute of Corporate Governance

IPIECA: Global Oil and Gas Industry Association for Environmental and Social Issues
IRC: corporate income tax

IRP: oil income tax (Angola)

ISIN: International securities identification number

ISO: International Organisation for Standardisation

IT: Information technology

IUCN: International Union for Conservation of Nature

JFT: Consortium composed by JGC, Fluor and TechnipFMC

JNCC: Joint Nature Conservation committee

k: thousand/thousands

kbbi: thousand barrels of oil

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kboepd: thousand barrels of oil equivalent per day

kbpd: thousand barrels of oil per day

km/km²: kilometres/square kilometres

Kosmos: Kosmos Energy

kton: thousand tonnes

l: litres

LNEG: Laboratório Nacional de Energia e Geologia

LNG: liquefied natural gas

LPG: liquefied petroleum gas

LTIF: Lost Time Injury Frequency

LRO: Local Risk Officer

m: meters

m: million

m³: cubic metres

M&A: mergers and acquisitions

MJ: Megajoules

MIBEL: Iberian electricity market

mm³: million cubic metres

mmbbl: million barrels of oil

mmboe: million barrels of oil equivalent

mmbpd: million barrels of oil per day

mmbtu: million British thermal units

MMO: Marine Mammal Observers

mmscf: millions of cubic feet

MPDP: Market Production Data Platform

MTM: mark-to-market

mton: million tonnes

mtpa: million tonnes per annum

MW: megawatt

MWh: megawatt-hour

n.m.: no meaning

NAMCOR: National Petroleum Corporation of Namibia

NG: natural gas

NOx: Nitrogen oxides

NPV: Net Present Value

O&G: oil and gas

OHSAS: Occupational Health and Safety Assessment Services

OMIE: OMIE-Polo Español S.A., i.e., entity responsible for the operation of the electricity spot power market in Iberia.

OMIP: OMIE-Polo Português S.A, entity responsible for the management of forward electricity markets.

p.a.: per annum

p.p.: percentage points

7. GLOSSARY AND ABBREVIATIONS

Parpública: Parpública – Participações Públicas, SGPS, S.A.

Petrobras: Petróleo Brasileiro, S.A.

Petrogal: Petróleos de Portugal – Petrogal, S.A.

PMRS: Petroleum Resources Management System

POS: Probability of Geological Success or probability of success

PPA: power purchase agreement

PPSA: Pré-Sal Petróleo S.A.

PSA: production sharing agreement

PSC: production sharing contracts

PSI-20: Portuguese stock market reference index

PSI-20 TR: Portuguese stock market reference index that includes dividend distribution made by companies

PV: Photovoltaic

PwC: PricewaterhouseCoopers

PWN: Lisbon's Professional Women's Network

RED: Renewable Energy Directive

R&D: Research & Development

R&M: Refining & Marketing

R&T: Research & Technology

RAB: regulatory asset base

RC: replacement cost

RCA: replacement cost adjusted

ROACE: return on average capital employed

ROC: statutory auditor

ROI: return on investment

S: sulphur

SDG: Sustainable Development Goals

SDS: sustainable development scenario

SGPS: Sociedade Gestora de Participações Sociais (Holding company)

SO₂: Sulphur dioxide

SPA: sale and purchase agreement

SPE: Society of Petroleum Engineers

SPT: Special Participation Tax (Brazil)

SROC: firm of statutory auditors

SURF: subsea, umbilical, risers e flowlines

SXEP: STOXX Europe 600 Oil & Gas Index

SXEGR: Gross return of the STOXX Europe 600 Oil & Gas Index

tcf: trillion cubic feet

TCFD: Task Force on Climate-related Financial Disclosure

toe: tonne of oil equivalent

7. GLOSSARY AND ABBREVIATIONS

tonCO ₂ : tonnes of carbon dioxide	VGO: vacuum gas oil
tonCO ₂ e: tonnes of carbon dioxide equivalent	WAC: weighted average cost
ton: tonne	WACC: weighted average cost of capital
TJ: terajoule	WEST: Western European Summer Time
TRIR – Total Recordable Injury Rate	WPC: World Petroleum Council
TSR: total shareholder return	WI: working interest
TTF: title transfer facility	WBCSD: World Business Council for Sustainable Development
TWh: terawatt-hora	WRI: World Resources Institute
UA – Unitisation Agreement	WWF: World Wildlife Fund
UGS: global system use	x: times
UN: United Nations	YoY: year-on-year
UNESCO: United Nations Educational, Scientific and Cultural Organisation	
UNGC: United Nations Global Compact	
UOP: unit of production	
URD: distribution network use	
URT: transportation network use	
USA: United States of America	
USD (or \$): United States Dollar	
VB: visbreaker	
VLSFO: very low sulphur fuel oil	

Cautionary statement

This report serves as the Annual Integrated Management Report and Accounts in accordance with Portuguese and EU legislation requirements as filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019, for Galp Energia, SGPS, S.A. (the "Company") and its subsidiaries (collectively referred as "Galp"). This report presents the Management Report, the Corporate Governance Report, the Consolidated Financial Statements of Galp and the Individual Financial Statements of the Company. This report contains certain forward-looking statements. Forward-looking statements are statements other than in respect of historical facts 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 these statements. The words "aim", "ambition", "anticipate", "believe", "continue", "could", "estimate", "expect", "goals", "intends", "may", "objectives", "outlook", "plan", "probably", "risks", "schedule", "seek", "should", "target", "will" and similar terms and expressions usually identify these forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of Galp's markets; the impact of regulatory initiatives; and the strength of Galp's competitors. The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although Galp believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond its control. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include, without limitation, the Company's business strategy; industry developments; price fluctuations in crude oil, natural gas and power; changes in demand for Galp's products and services; currency fluctuations; economic and financial market conditions; legislative, fiscal and regulatory developments, including regulatory measures addressing climate change; political risks; changes in trading conditions and uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements. Also see "Risk factors" in this report for additional risks and further discussion. No assurance is provided that future dividend payment will correspond or exceed previous dividend distributions. All forward-looking statements contained in this report are expressly qualified in their entirety by the cautionary statements contained or referred in this section. Readers should not place undue reliance on forward-looking statements. The information, opinions and forward-looking statements contained in this report speak only as at the date of this report, and are subject to change without notice. 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 report to reflect any change in events, conditions or circumstances.

ENERGY IN MOTION

PART IV
APPENDICES 2019

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