

Integrated Management Report 2020

Leading today's
energy into our

future

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The "Glossary and Abbreviations" of this Integrated Report may be found in Part IV of this report – Appendixes.

Other documents which form part of this Integrated Report are presented separately from the Integrated Management Report:

Part II - Corporate Governance Report

- Part I Information on the Company's shareholding structure, organisation and governance
- Part II Corporate governance assessment

Part III - Consolidated and individual financial statements

- Part I Consolidated financial statements
- Part II Individual financial statements

Part IV - Appendixes

- 1. Consolidated non-financial information
- 2. Supplementary Oil and Gas information (unaudited)
- 3. Payments to public administrations
- 4. Statement of compliance by the members of the Board of Directors
- 5. Report and opinion of the Audit Board
- 6. Independent report about sustainability information
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About the report

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

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

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

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

Leader in integrating best reporting standards and guidelines

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

- International Financial Reporting Standards (IFRS);
- the guidelines of the Portuguese Commercial Companies Code (CSC) relating to the content of the management report, including those pertaining to the reporting of non-financial information introduced by Decree-Law no. 89/2017 of 28 July;
- the model for reporting non-financial information by issuers of securities listed on a regulated market presented by the Portuguese Securities Market Commission (CMVM);
- the provisions of the Portuguese Securities Market Code (CVM) and of the Portuguese Securities Market Commission (CMVM) Regulation no. 4/2013 referring to the annual corporate governance reporting;
- the provisions of the CVM for the reporting of payments made to public administrations;
- the International Integrated Reporting Council (IIRC) guidelines for integrated reporting;

- the Global Reporting Initiative (GRI) guidelines, GRI Standards version, in the "In accordance - Comprehensive" option, including the Oil & Gas sector supplement guidelines relating to the sustainability report (full report available [here](#));
- the Sustainability Accounting Standards Board (SASB) for Oil and Gas, including Exploration & Production, Midstream and Refining and Marketing Standards (full report available [here](#));
- the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board (FSB) concerning disclosure of climate-related financial risks (full report available [here](#));
- the United Nations Global Compact (UNGC) principles (full report available [here](#));
- the World Economic Forum, Measuring Stakeholder Capitalism metrics and disclosure (full report available [here](#));
- the Sustainable Development Goals (full report available [here](#));
- the principles of inclusion, materiality, responsiveness and impact set in the AA1000 Accountability Principles Standard (AA1000AP 2018) regarding sustainability information.



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

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

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

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

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

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

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

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

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

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



Paula Amorim

Chairman of the Board of Directors

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

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

the means made available by our Company and the contributions made by our people.

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

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

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

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

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

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

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



Paula Amorim
Chairman of the Board of Directors



Andy Brown

Chief Executive Officer

Dear stakeholders,

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

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

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

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

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

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

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

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

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

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

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



Andy Brown
Chief Executive Officer

The Galp world



1.1.

Our presence



Upstream

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



Commercial

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



Refining & Midstream

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



Renewables & New Businesses

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

our Presence



Upstream



Commercial



Refining & Midstream



Renewables & New Businesses

1 2

6

7

8

3

4

5

11

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

1.2.

Value creation model

Inputs



€8,021 m

cost of goods sold RCA

€898 m

capital expenditure



9.9 millions m³
raw water

1,558 TJ
electricity purchased



6,114
employees

43%
women

51
nationality

11
countries

€210
training by employee

>169 thousand
hours of training

€302 m

salaries and benefits

€4.4 m

investment in eco-efficiency in refining



€14.6 m
innovation and R&D



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

114
master degrees on Oil engineering since 2014



59.18%
free float

2,814
suppliers

50
relevant partnerships with sector and associations and entities

75%
local purchase

99%
local hiring

766
volunteer hours

Business Model

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

Business segments

Upstream



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

130 kboepd WI average production

700 mboe 2P reserves

1,720 mboe 2C contingent resources

42 projects

Refining & Midstream



330 kbpd refining capacity

87.1 mboe Processed raw materials

13.9 mton Oil products sales

173 MW cogeneration capacity

Commercial



6.0 mton total oil product sales

1,475 service stations

22.9 TWh total NG/LNG sales

3.3 TWh total electricity sales

Renewables & New Businesses



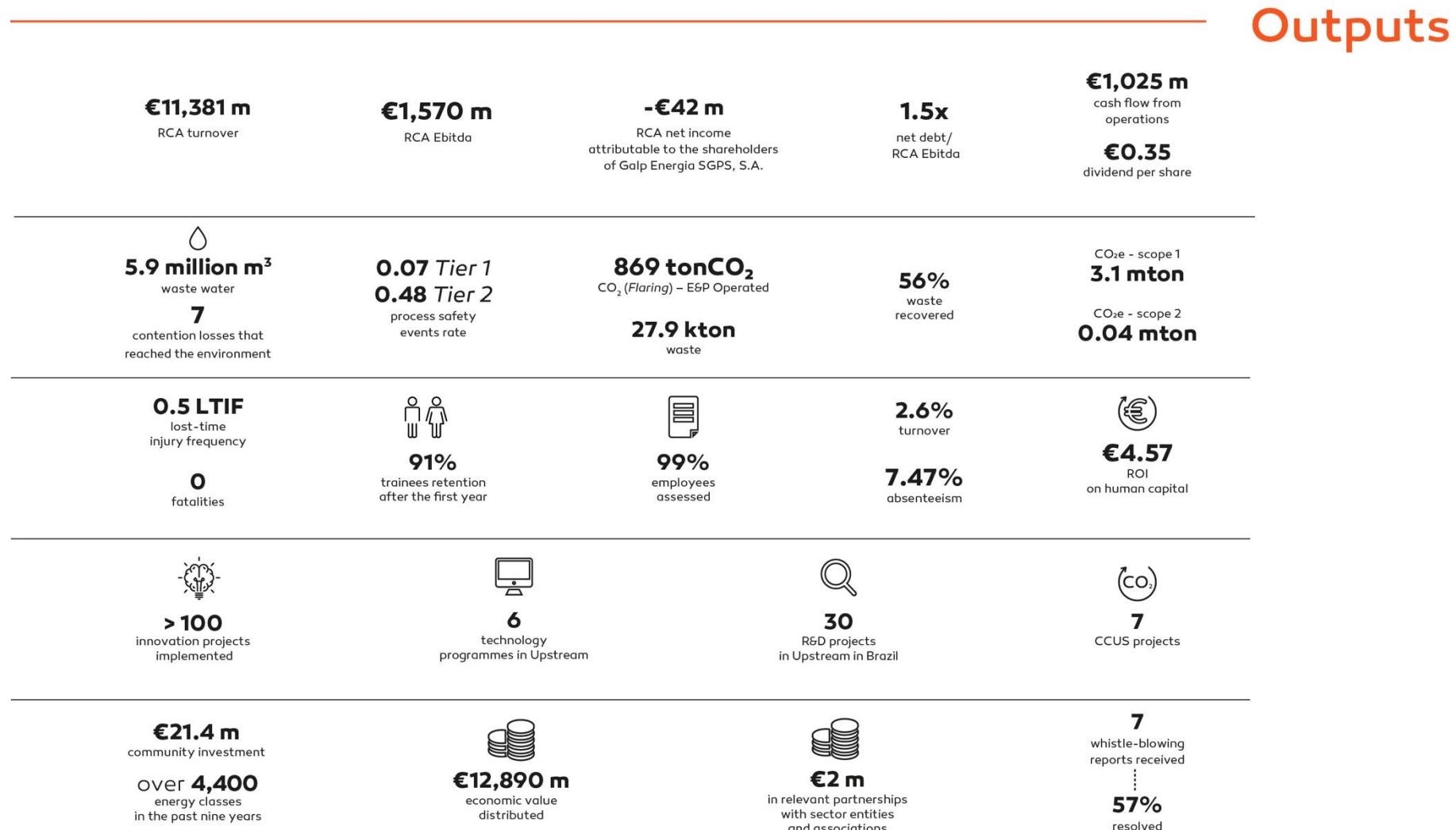
Largest solar player in Iberia

372 GWh Renewable energy generated

926 MWp Installed capacity for renewable generation

98 ktonCO₂ Avoided emissions

1.2. Value creation model



1.3.

Approach to materiality

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

Potential material aspects

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

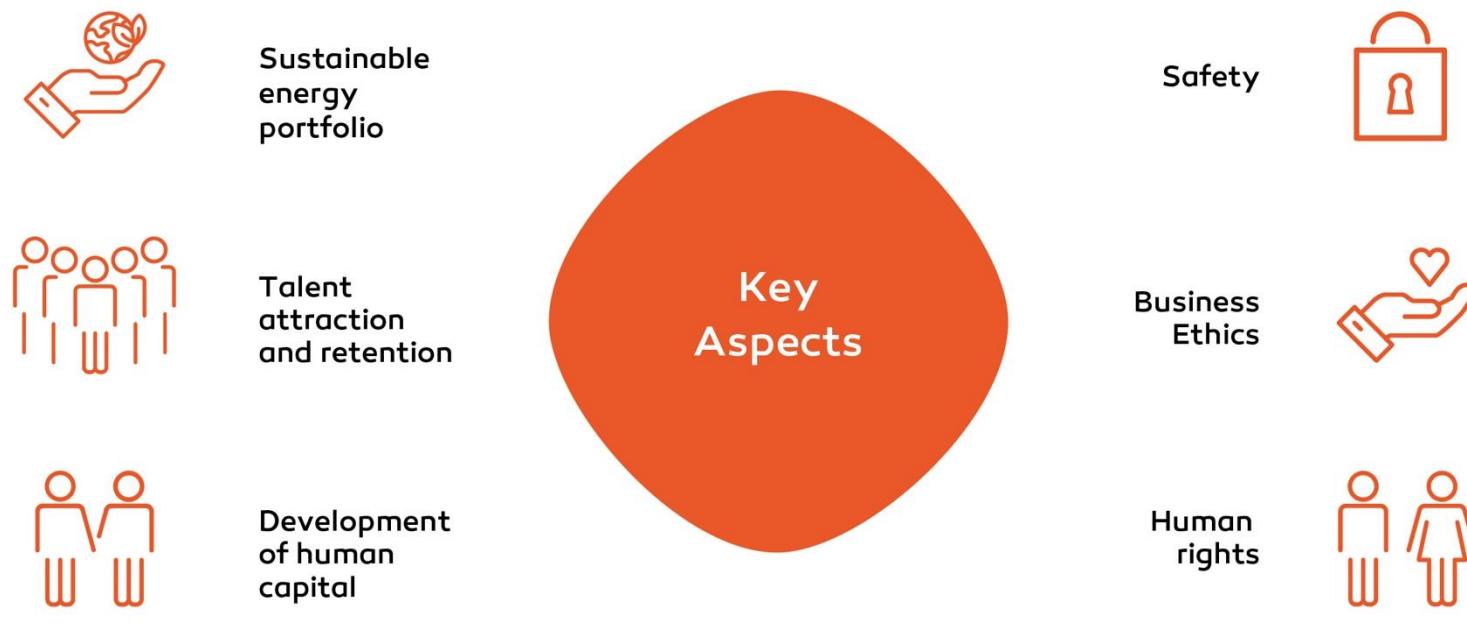
Stakeholder engagement

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

1.3. Approach to materiality

Materiality Matrix

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



1.4.

Contribution to the sustainable development goals

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

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

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

Material SDG - Galp's Impact on Society

17. Partnerships for the goals

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

13. Climate action

- Subscriber of the Task-force on Climate-related Financial Disclosures initiative (TCFD)
- Subscriber of the Zero Routine Flaring Initiative by 2030
- 922,095 tonCO₂e of avoided emissions through renewable energy and energy solutions

12. Responsible consumption and production

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

Material SDG
7 | 8 | 9 | 12 | 13 | 17

Direct SDG
3 | 6 | 11 | 14 | 15 | 16

Indirect SDG
1 | 2 | 4 | 5 | 10



7. Affordable and clean energy

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

8. Decent work and economic growth

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

9. Industry, innovation and infrastructure

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

1.4. Contribution to the sustainable development goals

Recognition for best sustainability practices

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

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

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

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

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

For more information about the recognitions awarded to Galp in 2020, please see our website [here](#).

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

 **SUSTAINALYTICS**

 **AAA**
ESG Ratings
CCC | B | BB | BBB | A | AA | AAA

 **EURONEXT**
(Euronext Eurozone
ESG Large 80 Index)

 **FTSE4Good**



Corporate ESG
Performance
ISS ESG® Prime



 **SAM**
Sustainability Award
Bronze Class 2020

1.5.

Galp in the capital markets

Shareholder structure

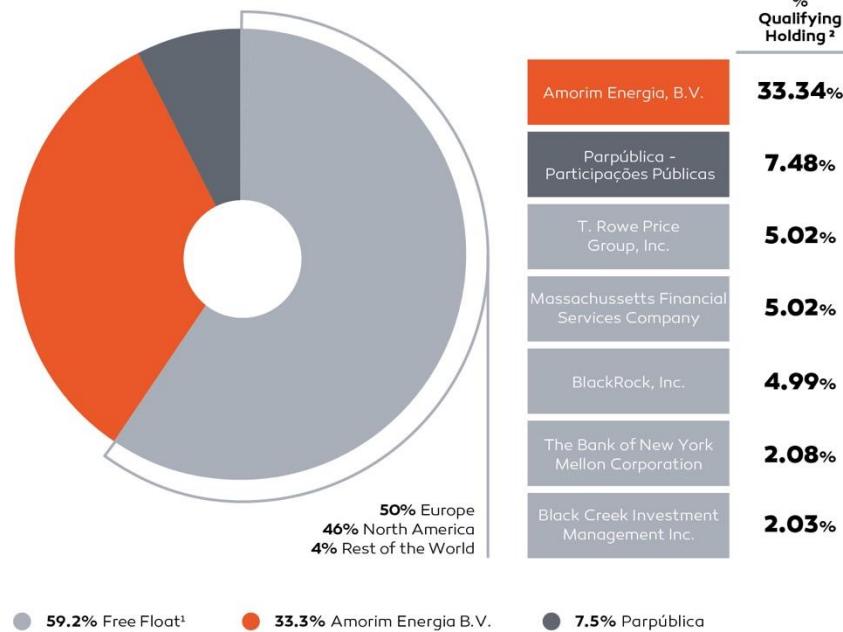
Galp has been listed on Euronext Lisbon since 23 October 2006.

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

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

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

Shareholdings as of 31st December 2020



¹ Number of shares listed not held by long-term shareholders (closely-held shares)

² The qualifying holdings in Galp's share capital as at 31 December 2020 were calculated in accordance with the Article 20 of the CVM and were communicated to Galp in accordance with Article 16 of the CVM.

1.5. Galp in the capital markets

Galp share performance

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

Total shareholder return in 2020



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

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

Analysts' coverage

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

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

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

The evolution of recommendations and target prices issued by the various institutions can be seen on our [website](#).

1.5. Galp in the capital markets

Distribution of dividends

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

Participation in the annual general shareholders meeting

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

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

Information to the bondholder

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

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

1.6.

Our brand

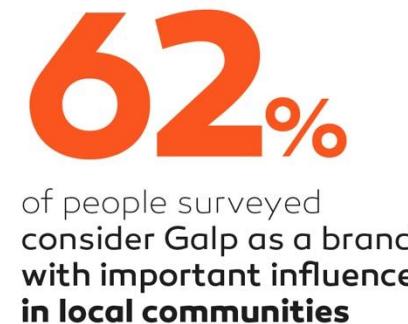
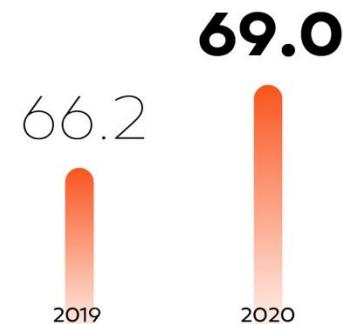
The brand's challenge during an unexpected year

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

Strengthening Galp as a brand even closer to people

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

Trusted Brand



Brand Track Study by International Marketing Research (100 scale)

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

1.6. Our brand

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

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

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

Pointing to the future and leading the way

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

Additionally, in the study on Reputation and Emotional Relationship of brands with Portuguese citizens during the first six months of the pandemic period, in the scope of the annual study RepScore™, the data collected by the consultancy OnStrategy placed Galp as the brand with

the best reputation and emotional relationship index in the energy sector, with a value of 74.4 pts/100. This result was the consequence of the path that the brand has been taking in terms of strengthening its reputation, with a growing closeness to people, an increasingly detailed attention to customer needs and a very present focus on sustainability issues.

Innovating with the usual energy

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

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

1.6. Our brand

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

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

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

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



Strategic framework



2.1.

How we plan the future

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

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

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

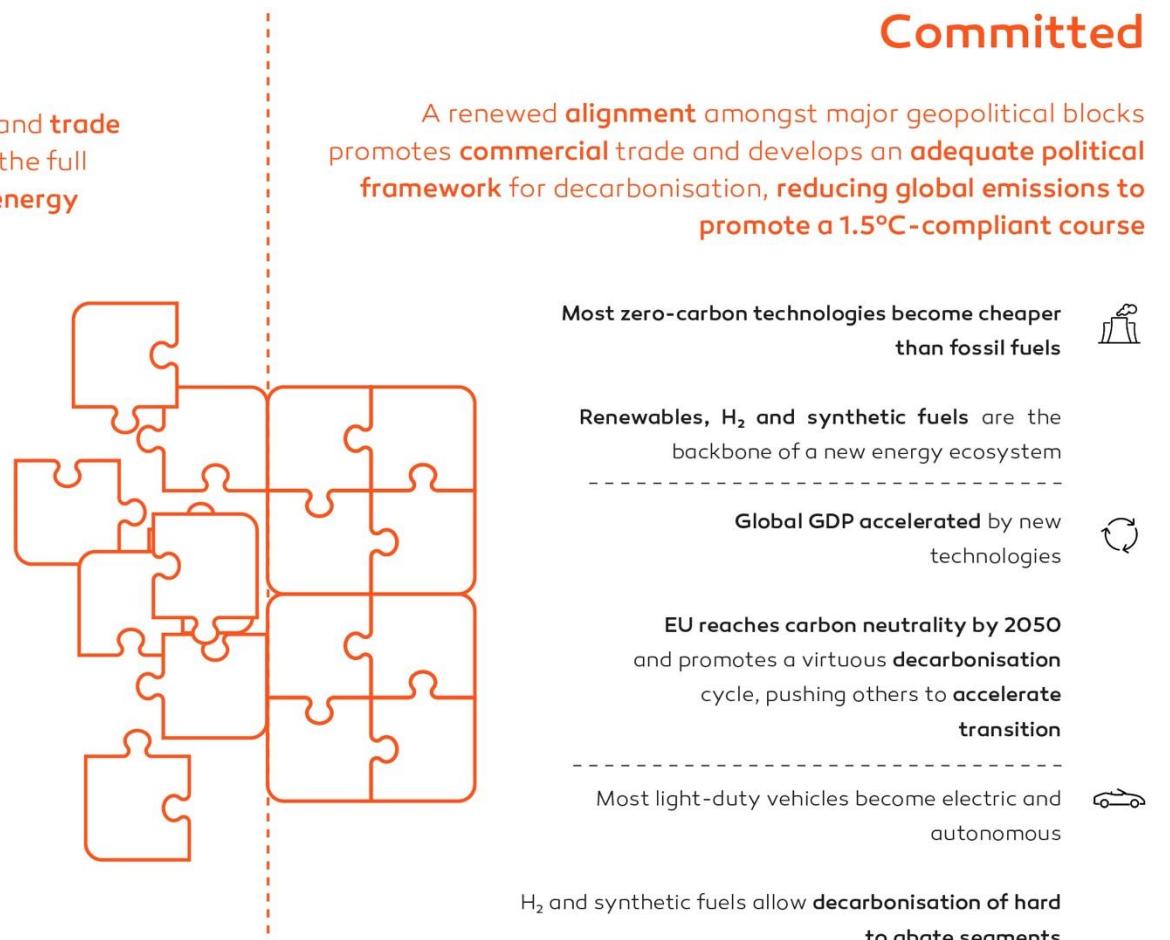
2.1. How we plan the future

Our scenarios

Fragmented

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

- Not all clean technologies become competitive – some of them will have to be heavily supported (e.g., H₂ and efuels)
- Gas and CCS play a big role in transition
- Lower global GDP growth due to deglobalisation, higher taxes and tariffs
- EU keeps targets to **become carbon neutral by 2050** but loses competitiveness
- Energy transition at different paces across regions
- Lack of trust promotes **carbon trade wars between EU, US, China** and other relevant Asian markets



Committed

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

- Most zero-carbon technologies become cheaper than fossil fuels
- Renewables, H₂ and synthetic fuels are the backbone of a new energy ecosystem
- Global GDP accelerated by new technologies
- EU reaches carbon neutrality by 2050 and promotes a virtuous **decarbonisation cycle**, pushing others to **accelerate transition**
- Most light-duty vehicles become electric and autonomous
- H₂ and synthetic fuels allow **decarbonisation of hard to abate segments**

2.1. How we plan the future

Fragmented scenario

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

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

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

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

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

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

2.1. How we plan the future

Committed scenario

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

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

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

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

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

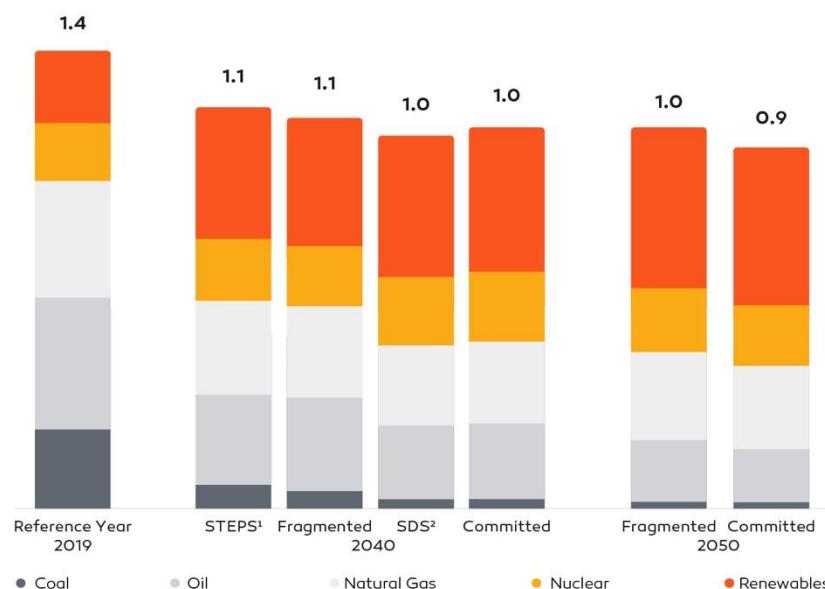
The decarbonisation of the most emission intensive sectors, such as industry and heavy-duty vehicles, is supported by the development of new technologies that enable the continuous increase of their activity, but for the first time without increasing the aggregate emissions.

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

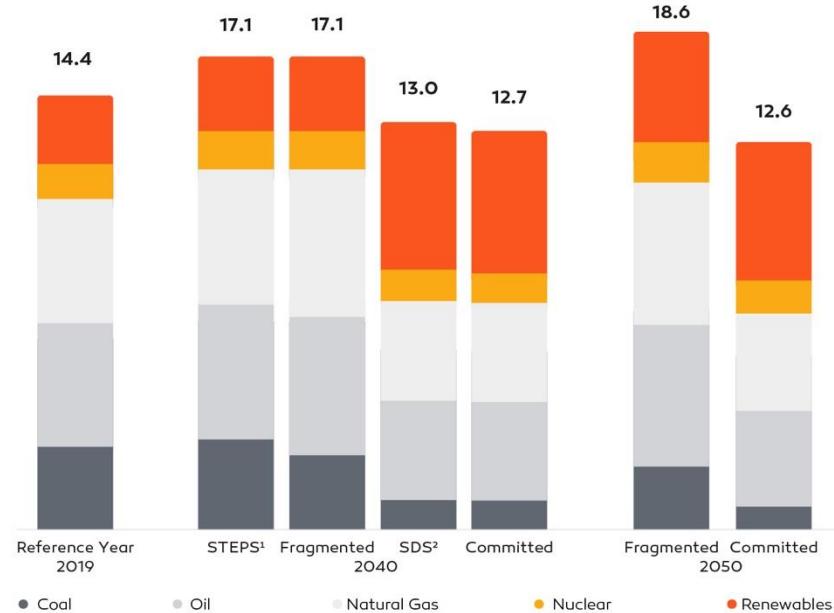
2.2.

Our strategy

European Union Primary Energy Demand (Gtoe)



Global Primary Energy Demand (Gtoe)



¹ Stated Policies Scenario

² Sustainable Development Scenario

We aim to energise the lives of our customers on a daily basis with the most sustainable solutions. We seek to create a strategy that tackles the current and future context of energy and mobility, ensuring Galp's resilience and agility in an increasingly complex, fast and ever-changing world. As an integrated energy Company we are focused on the development of sustainable businesses that generate value, through a diversified portfolio of energy generation, ranging from oil and natural

gas production to renewable energies, with an industrial background geared towards the new market needs, through the adaptation, efficiency and continuous transformation of its processes, and with more innovative commercial solutions that promote the energy transition of our customers and consumers. The organisation, skills and business that we have developed to date are the basis that allow us to put this strategy into practice. Successful partnerships in key projects and Galp's

2.2. Our strategy

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

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

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

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

Upstream

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

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

Refining & midstream

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

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

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

2.2. Our strategy

Commercial

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

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

Renewables & new businesses

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

its current business whenever possible, and progressively reduce the carbon intensity of its activity and its customers.

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

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

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

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

2.3.

How we manage risk

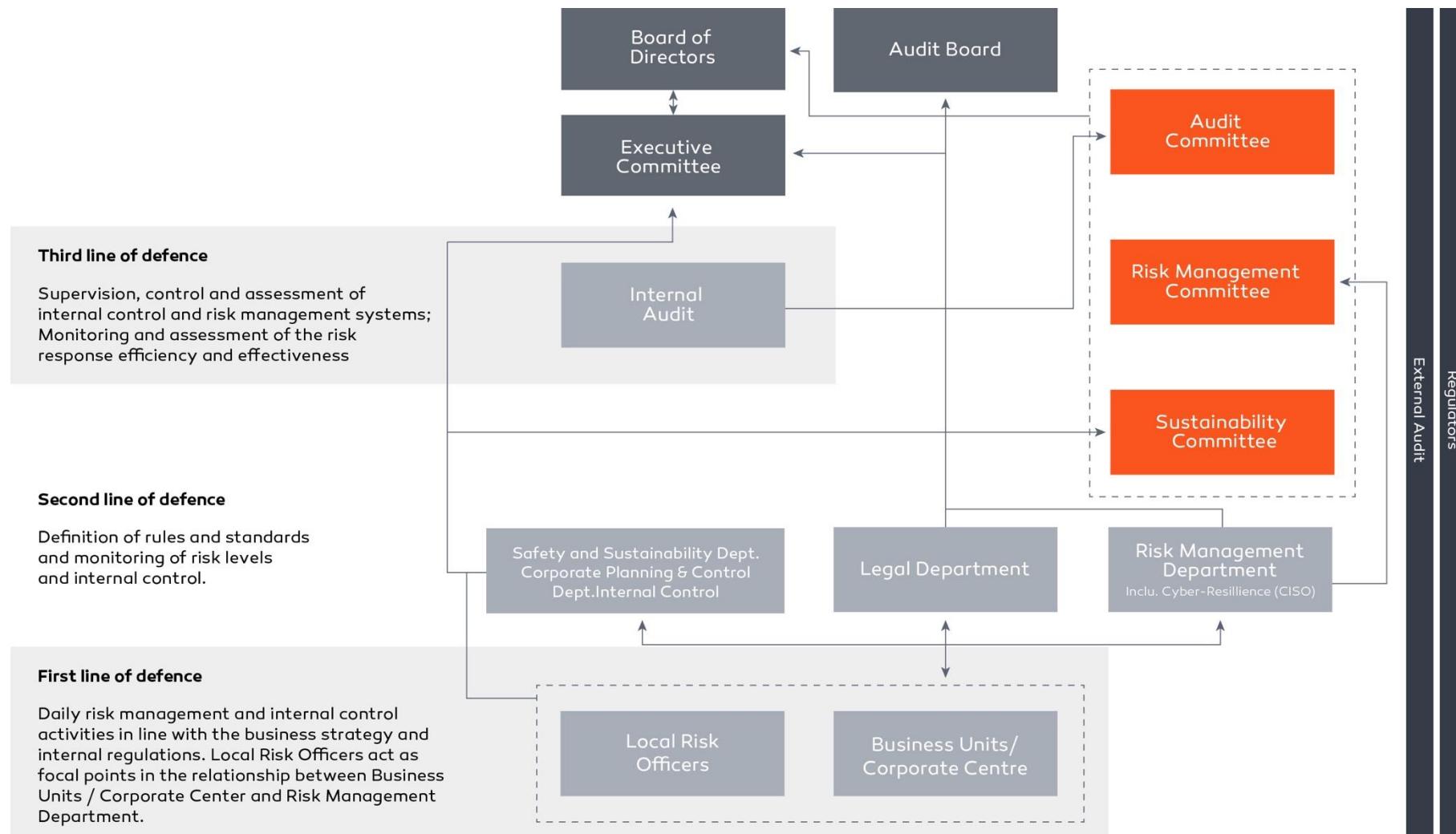
As an integrated energy Company, Galp is exposed to risks that may have a negative impact on its operational and financial performance, reputation and market capitalization.

The management of these risks is based on a Risk Management Model, implemented through an integrated, continuous and dynamic process that involves the business units and Galp's corporate areas, and which is

supported by the Risk Management Policy, the Risk Management Governance Model and the Internal Control Manual, approved by the Board of Directors.

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

2.3. How we manage risk



2.3. How we manage risk

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

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

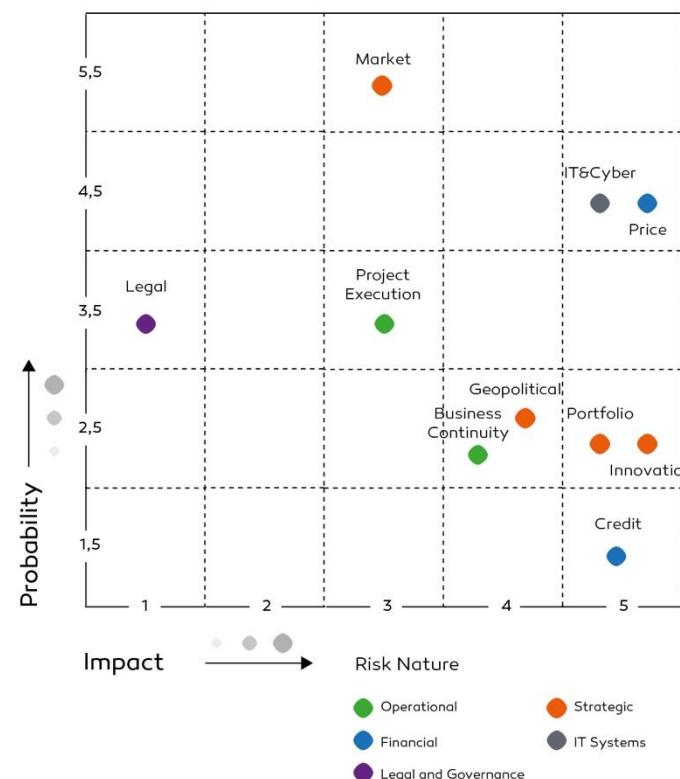
2.3. How we manage risk

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

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

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

Top 10 Risk Classes

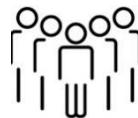


Strategic execution



3.1.

2020 highlights



Adapting operations in a very challenging year

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

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

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

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

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

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

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

Support to communities affected by the Covid-19 pandemic

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

3.1. 2020 highlights



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

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

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

Agreement on integrated gas system in the Santos Basin in Brazil

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

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



Adapting commercial supply to new needs and market trends

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

3.1. 2020 highlights

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

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



Sale of the regulated gas infrastructure (GGND)

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

Galp concentrates refining operations in Sines

Structural changes to the consumption patterns of oil product, driven by the European regulatory context and the effects of the Covid-19

pandemic, have had a significant impact on Galp's downstream industrial activities.

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



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

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

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

3.1. 2020 highlights

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

Galp launches EI - Energia Independente, a decentralized energy solution

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

Developing the mobility of the future

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



Alignment with EU climate ambitions in 2050

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

Recognition for best sustainability practices

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

3.1. 2020 highlights

Financial indicators

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

Market indicators

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

Source: Platts for commodities prices; MIBGAS for Iberian natural gas price; APETRO and CORES for Iberian oil market; REN and Enagás for Iberian natural gas market.

¹Urals NWE dated for heavy crude; dated Brent for light crude.

Recognitions



3.2. Upstream

2020 Highlights

- During 2020, the working interest (WI) production was 130 kboepd, an increase of about 7% when compared to the previous year, which reflects the greater contribution of projects under development in Brazil and Angola.
- The Tupy (previously Lula) and Iracema fields, reached the production plateau of the initial development phase after the completion of the FPSO ramp-up in the Tupy North area in July.

- An agreement was reached to file an updated Plan of Development (PoD) for the Tupy and Iracema fields, in tandem with the sale of unit P-71. This plan shall be submitted to the ANP during the year 2021, with the goal of identifying additional development projects and will include evaluations for a potential field life extension request.
- The partners of BM-S-8 submitted the Plan of Development for the first phase of the Bacalhau project to ANP, as well as awarded the respective front-end engineering design (FEED) contracts.
- In Mozambique, the Coral floating, liquefied natural gas (FLNG) project continues to progress as planned, with the last topside module lifting achieved in late 2020. The partners also continue their efforts to optimise the development concept of the Rovuma LNG onshore project.

- In São Tomé and Príncipe, after stake changes among the partners, Galp assumed the operatorship of block 12. In block 6, the new partnership continues to make progress in the preparatory work for drilling the Jaca exploration well.
- 2P reserves decreased 5.2% YoY to 700 mboe. Contingent resources 2C increased 2.4% YoY to 1,720 mboe.

Main indicators

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

Note: unit values based on net entitlement production.

¹ Includes the production of exported natural gas, excludes consumed or injected natural gas.

² Considers 100% of emissions from oil and gas production from operated blocks and the working interest from non-operated blocks.

³ Includes provisions for relinquishment and excludes impairments related to exploration assets

130
kboepd

Average WI
production

9.9
kgCO₂e /
boe

Carbon Intensity

2.3
\$/boe

Production Costs

2.4
bn boe

2P Reserves
and 2C Resources

3.2. Upstream

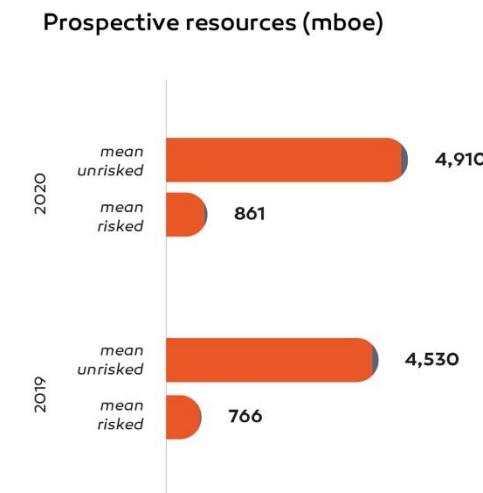
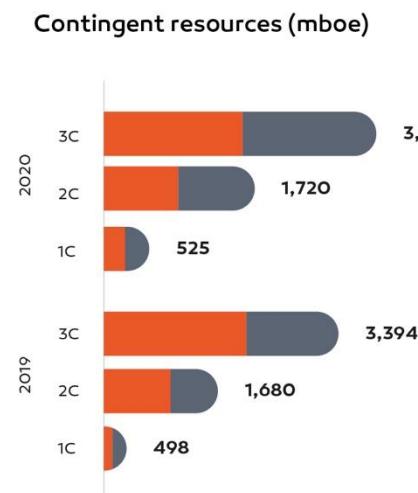
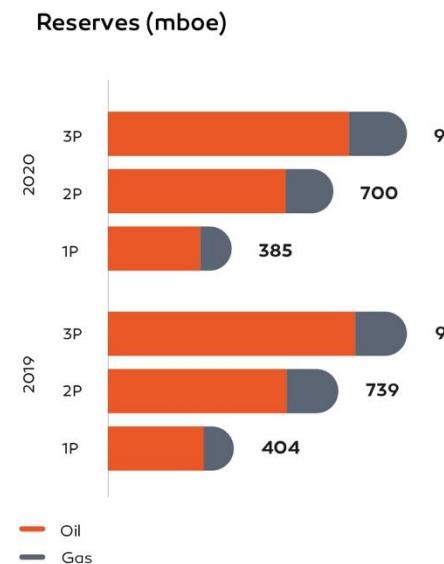
Development of reserves and resources

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

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

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

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



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

3.2. Upstream

Production overview for 2020

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

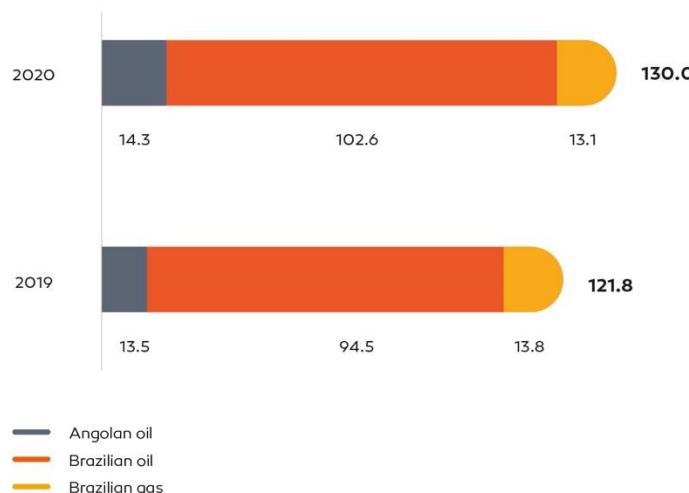
Natural gas production amounted to around 10% of total production, exclusively from associated gas from the projects in Brazil. The contribution of natural gas is expected to increase when Area 4 projects, in Mozambique, start production.

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

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

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

Working interest production (kboepd)



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

3.2. Upstream

Galp's Upstream Portfolio

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

The NPV₁₀ breakeven for the entire Galp portfolio development is less than \$25/bbl.

Commitment to energy transition

Galp's growth profile is still based on a distinct Upstream portfolio, with resources that are characterised by their high sustainability, namely considering the low production costs and the lower carbon footprint. The competitiveness of these developments enables a carbon intensity of 9.9 kgCO₂e/boe, which contrasts with the industry average of 18.8 kgCO₂e/boe (source: International Association of Oil and Gas Production (IOGP) 2019), thus promoting a sustainable and value-based approach.

Carbon Intensity in Upstream¹ (kgCO₂e/boe)



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

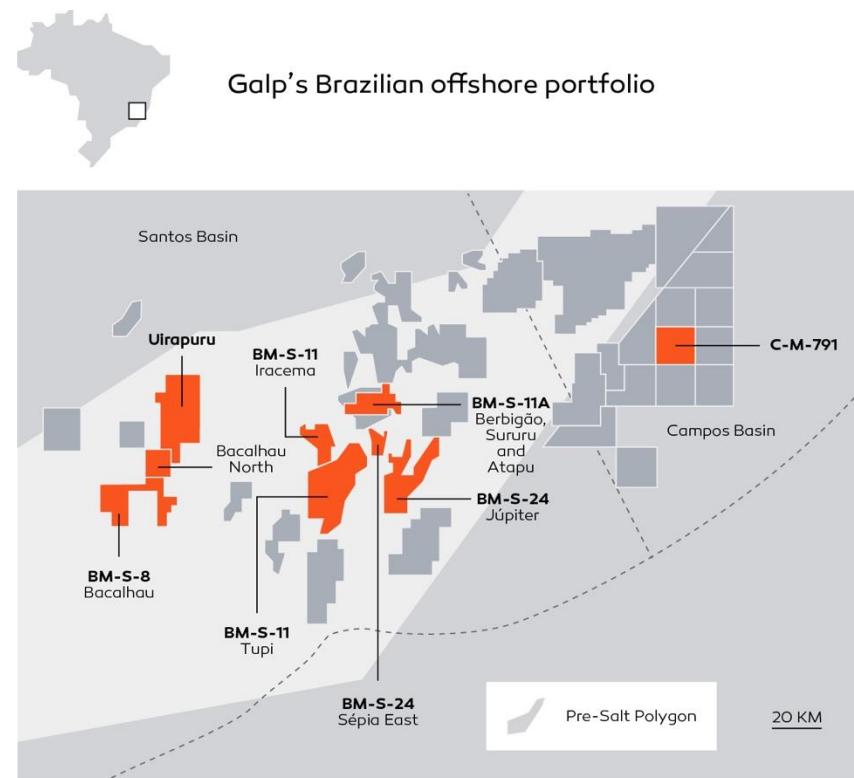
3.2. Upstream

Brazil

Offshore

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

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



3.2. Upstream

Producing units in the pre-salt in the Santos basin

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

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

¹ Subject to approval of the unitisation agreement.

3.2. Upstream

Production and development

Tupi and Iracema

The Tupi and Iracema projects started production in 2010, through the Tupi Pilot area, and are the ones that contribute the most to Galp's production. In just 9 years, nine production units have been installed, with a combined capacity to process up to 1.3 mbbl of oil and 56 mm³ of natural gas daily.

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

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

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

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

and Iracema area, Galp's partners also agreed to sell the P-71 unit, currently under construction, to Petrobras.

Research projects that leverage deep-water assets

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

Berbigão, Sururu and Atapu

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

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

3.2. Upstream

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

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

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

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

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

Bacalhau

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

The Bacalhau project is considered one of the most promising assets in the pre-salt of the Santos basin due to the high pressure conditions of the reservoir and its high quality resources. It is a competitive and sustainable project, both in economic and environmental terms, with an estimated carbon intensity below 9 kgCO₂e/boe.

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

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

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

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

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

3.2. Upstream

Sépia

The development of Sépia's accumulation will be carried out through the Carioca FPSO, awarded to Modec in 2017. The unit, with a projected capacity to process 180 kbbl and 6 mm³ of natural gas per day, left the shipyard in China in November 2020 towards Brazil.

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

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

Exploration & appraisal

Júpiter

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

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

In August 2020, the drill stem test (DST) of the well Apollonia, was successfully completed. Given the high condensate to gas ratio (CGR) and the high CO₂ content, this DST is considered a major technical advance.

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

Uirapuru

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

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

Block C-M-791

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

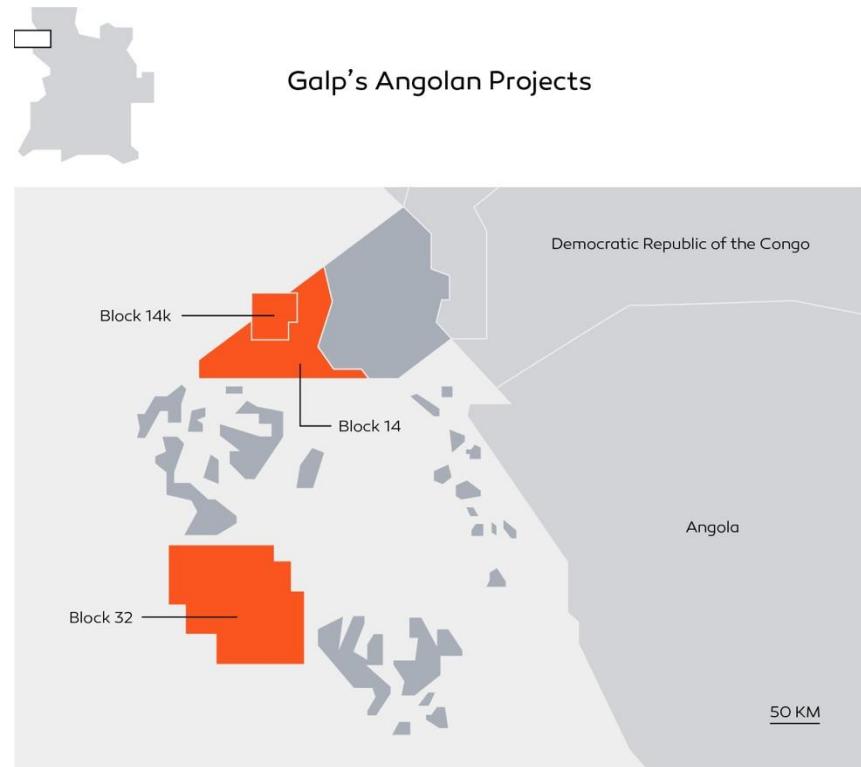
In 2019, the consortium started an exploration program with the acquisition of around 2,800 km² of 3D seismic in the region, more than covering the area of block C-M-791. The data is currently in the final processing phase.

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

3.2. Upstream

Angola

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



Block 32

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

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

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

Block 14/14k

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

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

3.2. Upstream

Mozambique

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

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

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

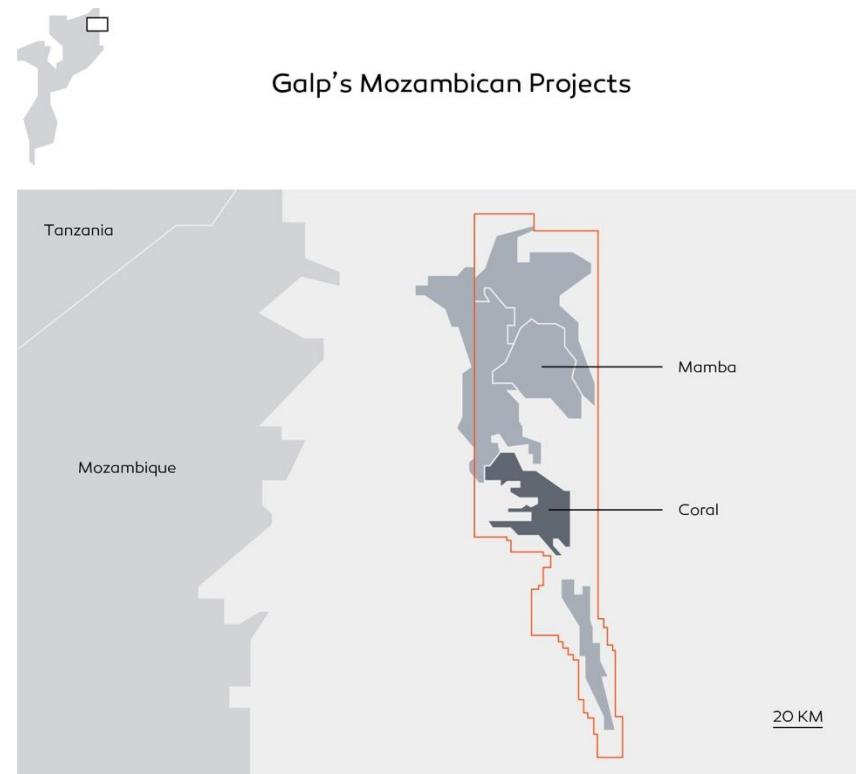
Coral South

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

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

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

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



3.2. Upstream

Rovuma LNG

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

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



Namibia

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

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

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

3.2. Upstream

São Tomé and Príncipe

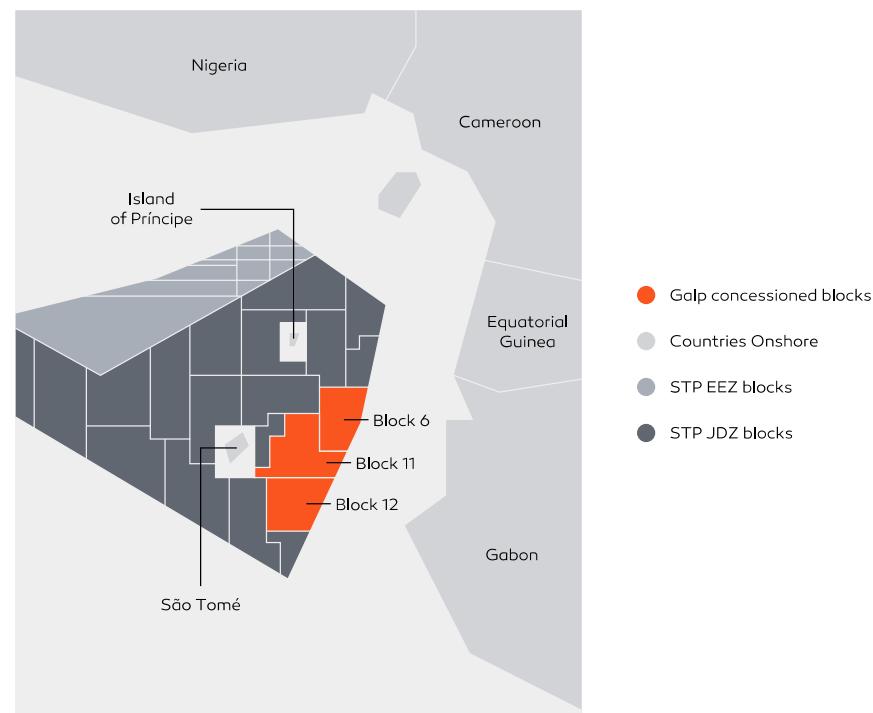
Galp's exploration portfolio in São Tomé and Príncipe currently includes three offshore blocks, namely blocks 6 and 12, where Galp is the operator with 45% and 41% stakes, respectively, and block 11, in which the Company holds a 20% stake.

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

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

Support to the community in fighting Covid-19

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



3.2. Upstream

Upstream project portfolio by the end of 2020

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

3.2. Upstream

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

Oil Properties								
Block(s)	Basin	Type	# Projects	Main Projects	API (°)	Sulphur (%wt)	Phase	Partners
Angola								
Block 14	Lower Congo	From shallow to Ultra-deepwater	8	BBLT TL Kuito	24-36	<0.8	Development & Production	Galp 9% Chevron 31% (op.) Sonangol 20% Eni 20% Total 20%
Block 14k	Lower Congo	From shallow to Ultra-deepwater	1	Lianzi	35-37	<0.5	Development & Production	Galp 4.5% Chevron 31.25% (op.) Total 36.75% Sonangol 10% Eni 10% SNPC 7.5%
Block 32	Lower Congo	Ultra-deepwater	2	Kaombo	26-32	<0.9	Development & Production	Galp 5% Total 30% (op.) Sonangol 30% China Sonangol 20% ExxonMobil 15%
Mozambique								
Area 4	Rovuma	Ultra-deepwater	2	Coral Sul Rovuma LNG			Development	Galp10% Eni 25% (op.) ExxonMobil 25% (op.) CNPC 20% Kogas 10% ENH 10%
Namibia								
PEL 82	Walvis	From shallow to Ultra-deepwater	1				Exploration	Galp 40% (op.) ExxonMobil 40% NAMCOR 10% Custos 10%
PEL 83	Orange	From shallow to Ultra-deepwater	1				Exploration	Galp 80% (op.) NAMCOR 10% Custos 10%

3.2. Upstream

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

3.3. Commercial

2020 Highlights

- 2020 was a challenging year and, as a consequence of the pandemic, Galp adapted its operations, optimising its activities and ensuring the continuous support and supply to the communities where the Company operates.
- Sales of oil products were 6.0 mton, reflecting a lower demand caused by the difficult economic environment.
- Natural gas sales were 22.9 TWh, impacted by lower consumption levels, particularly in the B2B segment. Electricity sales were 3.3 TWh, 4% higher YoY, proving the resilience of this business.
- In electric mobility, Galp has expanded its charging network in Iberia, reaching 544 points in 2020, and consolidating its leadership position in Portugal.
- Launching new partnerships, digital tools and services, through a customer-centred approach, focusing on their well-being and safety.
- Conclusion of the Matola logistics park in Mozambique with capacity for 60,000 m³ in liquid fuels and 6,000 m³ for Liquefied Petroleum Gas (LPG), which will allow Galp to increase its competitiveness in this country as well as supplying new markets.

Main indicators

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

6.0
mton
Oil product sales

26.3
TWh
Gas & Power sales

1,475
Service stations

544
Electric mobility charging points

3.3. Commercial

Commercial

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

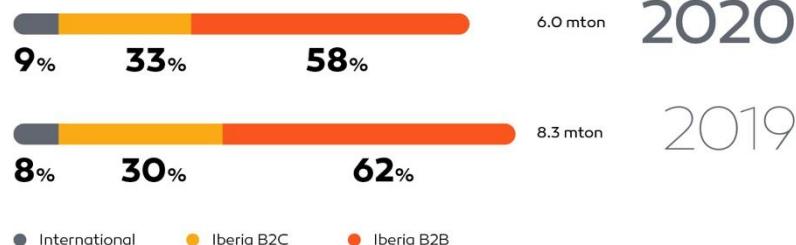
The Company is focused on optimising its integrated offer of products and services while adapting to new consumption patterns, in a more sustainable, open, digital and shared economy. Using the strong position of the Galp brand in Iberia and in a selection of African countries, Galp's commercial activities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

2020 Performance

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

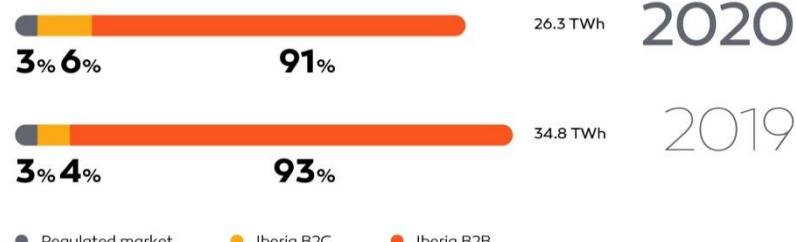
Oil product volumes sold to direct customers decreased by 28% YoY to a total of 6.0 mton, mainly reflecting the lower demand during the year.

Oil products sales



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

Gas & Power sales



3.3. Commercial

Business-to-consumer

On the road

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

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

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

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

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

New convenience stores concept in Spain

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



3.3. Commercial

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

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

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

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

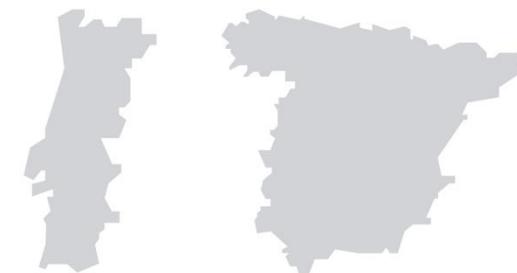
In electric mobility, after the launching of the Galp Electric card commercial offer, Galp assumed a leading role in Portugal, with a market share of around 21%. Through this offer, the Company offers energy and mobility solutions and services on the road and at home and more than seven thousand cards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

The Company owns the largest network of charging points in Portugal, 65 Fast Charging Points (FCP) and 448 Normal Charging Points (NCP),

and in 2020 has launched the first ultra-fast charging point in the country.

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

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



Fast charging points

65 24



Normal charging points

448 7

3.3. Commercial

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

At home

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



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

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

Digitalising customer acquisition channels

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

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

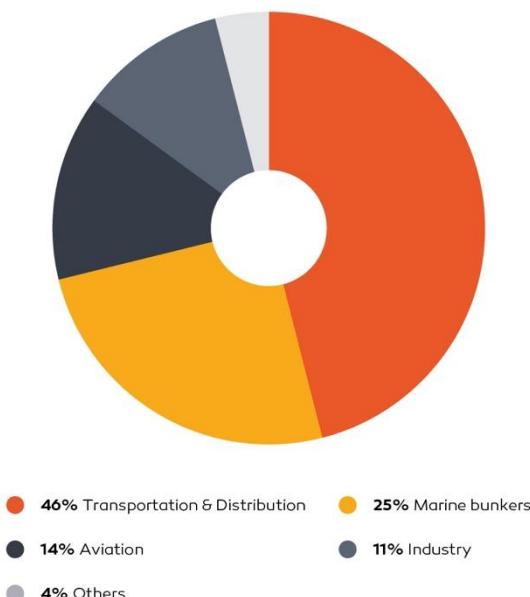
In Spain, Galp is present in the gas and electricity market through a 25% stake in a digital supplier, PODO, which currently has 94 thousand customers on a digital platform that allows the combined supply of gas, electricity and services in a more agile manner.

3.3. Commercial

Business-to-business

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

**2020 Iberian oil products sales
in B2B segment**



Expanding our natural gas filling stations network

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

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



3.3. Commercial

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

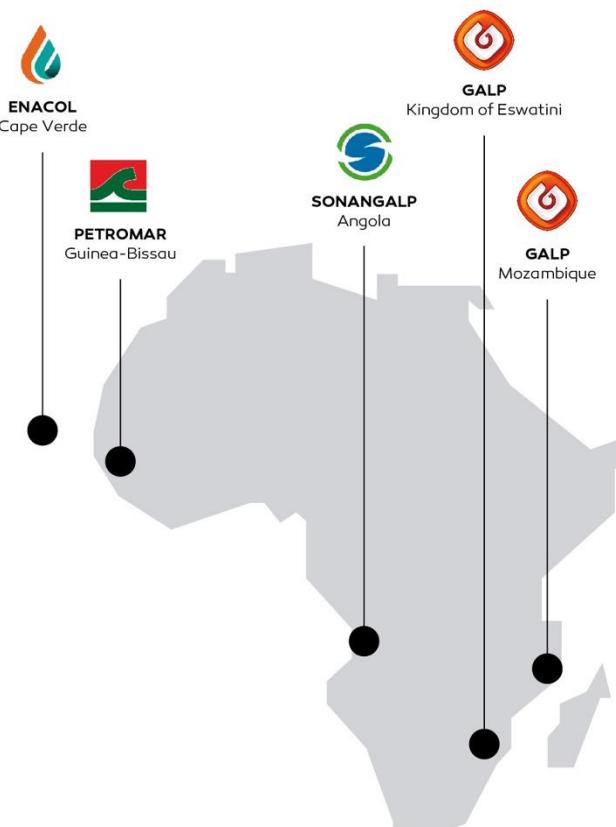
The Company has been promoting the creation of value for its customers by offering energy efficiency solutions, as well as technical services aimed at optimising and reducing energy consumption by installing more efficient equipment. In the B2B segment, Galp's offer includes: auditing, training and energy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

International

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

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

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



3.3. Commercial

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

Improvement of Mozambican logistics facilities

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

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

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

3.4. Refining & Midstream

2020 Highlights

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

87.1 mboe
Raw materials processed

Main indicators

	2019	2020
Number of employees	1,428	1,313
Raw materials processed (mboe)	96.0	87.1
Galp refining margin (\$/boe)	3.1	1.1
Refining cost ¹ (\$/boe)	2.9	2.7
Oil products supply (mton)	16.2	13.9
NG/LNG supply & trading volumes (TWh) of which Trading (TWh)	89.3	71.4
Sales of electricity to the grid (TWh)	34.3	26.0
Direct GHG emissions (tonCO ₂ e)	1.3	1.4
Total water consumption per treated feedstock (m ³ /ton)	3,265,510	3,073,958
Percentage of water reutilised	0.63	0.68
RCA Ebitda (€m)	15%	16%
RCA Ebit (€m)	207	113
CFFO (€m)	(109)	(210)
Investment (€m)	323	(204)
	142	76

¹Excluding refining margin hedging impact

13.9 mton
Oil products supply

71.4 TWh
NG/LNG Supply & Trading

3.4. Refining & Midstream

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

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

Refining & logistics

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

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

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

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

This reconfiguration will allow for a reduction of more than €90 m per year in fixed costs and investments, and c.900 kton of CO₂e emissions (scope 1 and 2) associated with the current system.

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

Refining 4.0

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

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

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

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

3.4. Refining & Midstream

Operational performance in 2020

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

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

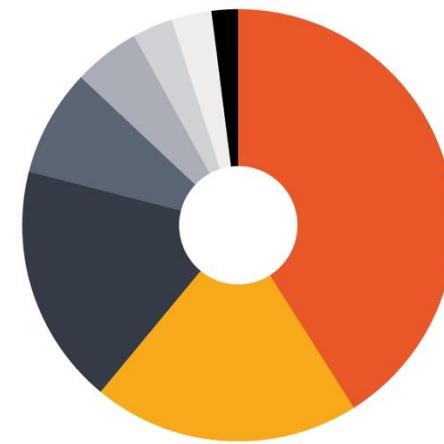
Galp continues to focus on improving the competitiveness of its Sines refinery, in an increasingly demanding regulatory environment and an increasingly challenging oil products market.

Adapting to the Covid-19 situation

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

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

Refinery yields in 2020



41% Diesel	20% Gasoline
18% Fuel oil	8% Consumption & Losses
5% Jet	3% Aromatics
3% Others	2% Gases

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

3.4. Refining & Midstream

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

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

Supply & trading

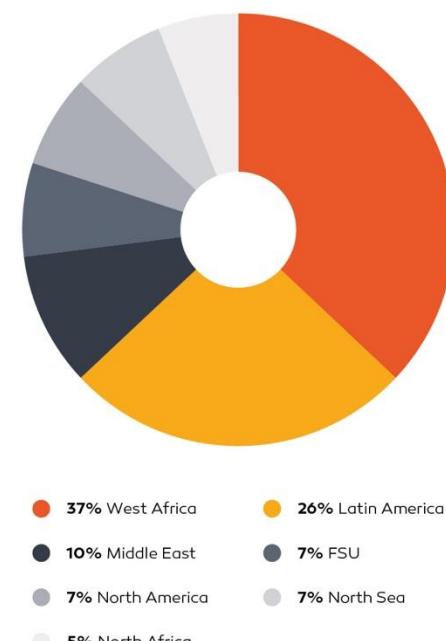
Raw materials and oil products

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

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

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

Crude source in 2020



3.4. Refining & Midstream

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

Exports per product in 2020



● 35% Fuel Oil ● 25% Gasoline
● 24% Diesel ● 6% Chemical Products
● 5% Naphtha ● 3% Others
● 2% LPG

Natural gas

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

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

NG/LNG sourcing in 2020



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

3.4. Refining & Midstream

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

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

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

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

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

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

Power

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

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

Cogeneration

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

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

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

3.4. Refining & Midstream

Regulated distribution infrastructure

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

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

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

Biofuels

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

Galp also produces Hydrogenated Vegetable Oil (HVO) in a hydrogenation unit at the Sines refinery. This biofuel results from the co-processing of vegetable oil with diesel, resulting in a biofuel with similar characteristics to fossil fuels. In 2020, production reached approximately 25 kton, equivalent to a reduction of 80 kton of CO₂ emissions.

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

Galp's strategy for biofuels is in line with the ongoing decarbonisation initiatives, seeking to encourage the use of biofuels made from waste, which represented over 45% of the raw materials for this type of fuel in 2020. In 2020, 247,000 m³ of biofuels were incorporated into fuels sold in Portugal and Spain, including 30,000 m³ of second-generation biodiesel produced by Enerfuel. The integration of these low-carbon fuels prevented the emission of over 650 ktonCO₂e when compared to a fuel of exclusively fossil origin.

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

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

3.5. Renewables & New Businesses

2020 Highlights

- Creation of the Renewables & New Businesses unit and definition of its strategy and governance model. This new unit represents a milestone in embracing of the energy transition, through the development of a sustainable and diversified portfolio of renewable energy generation and new solutions in the area of mobility and energy;
- Acquisition of 75.01% stake in a JV which incorporates a selection of high quality solar PV projects in Spain with a total capacity of 2.9 GWp. The agreement includes 914 MWp of commissioned generation capacity already in operation, in addition to a number of projects at different stages of development;
- Expansion of the renewable portfolio, now totalising c.3.8 GWp;
- At the end of 2020, Galp was the leading solar player in Iberia and one of the key renewable power producers in the region, with an installed capacity of 926 MW on a 100% basis;

Main indicators

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

¹Includes only Renewables and GoWithFlow

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

Leading Player

Solar PV
in Iberia

3.8 GW

Renewable
generation in operation
and under development

926 MW

Renewable generation
installed capacity

327 GWh

Renewable power
generation

3.5. Renewables & New Businesses

Renewables & new businesses

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

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

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

Renewables

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

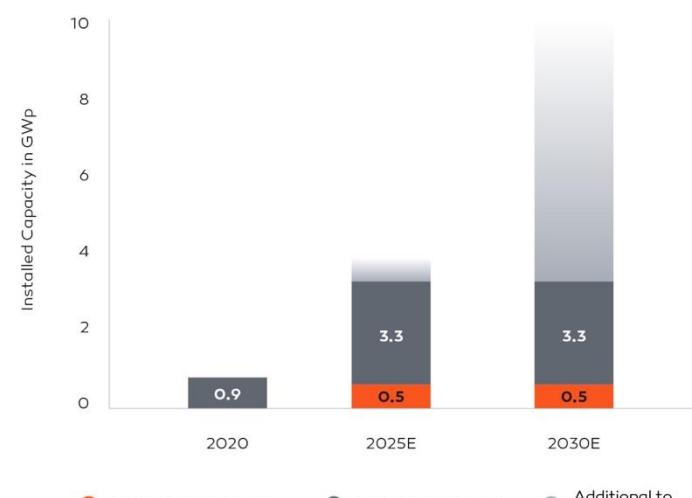
Renewables Portfolio

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

3.5. Renewables & New Businesses

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

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



Source: Galp

Spain

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

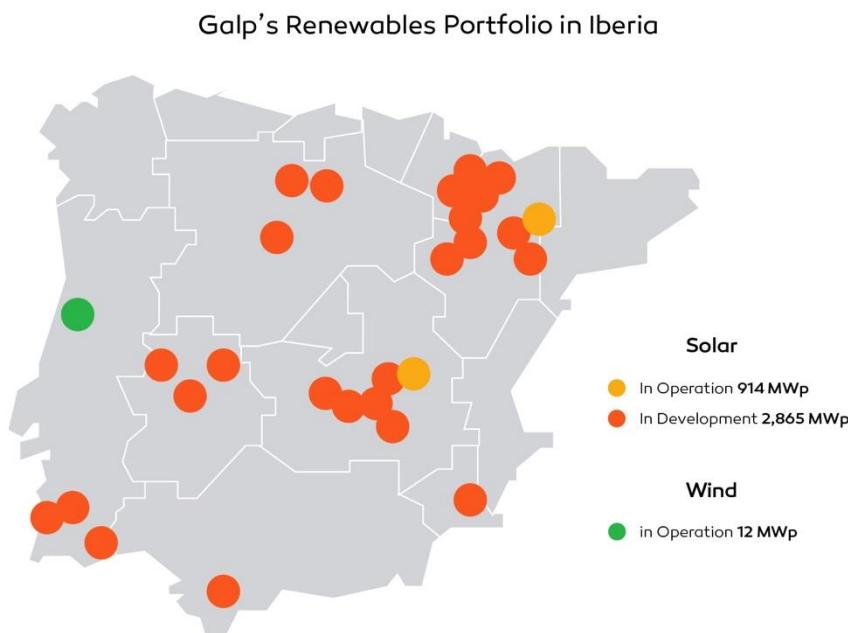
The portfolio includes 914 MWp of generation capacity already in operation, in addition to a number of projects at different stages of development. It is estimated that the full capacity will be operational by 2024.

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

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

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

3.5. Renewables & New Businesses



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

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

Portugal

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

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

New Businesses

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

Energia Independente

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

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

3.5. Renewables & New Businesses

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

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

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

GoWithFlow

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

4,500 vehicles and 4,000 charging stations

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

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



Launch of the sustainable mobility management platform



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

Green Hydrogen

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

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

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

3.5. Renewables & New Businesses

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

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

Lithium to EVs value chain

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

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

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

Galp innovation / Innovation factory (Up)

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

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

financial performance



4.1.

2020 Highlights

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

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

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

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

4.1. 2020 Highlights

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

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

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

4.2.

Operational performance

Upstream

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

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

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

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

Commercial

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

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

Refining & midstream

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

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

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

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

Results from associated companies were €70 m.

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

4.2. Operational performance

Renewables & new businesses

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

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

4.3.

Consolidated income

Consolidated income (RCA, except otherwise indicated)

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

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

4.3. Consolidated income

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

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

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

Financial results also included the loss from CO₂ licences derivatives, as well as the realised gains from Brent derivatives and the unwind of the outstanding refining hedges for the year.

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

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

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

Non-recurring items

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

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

4.4.

Capital expenditure

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

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

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

Capital expenditure by segment

	2019	2020	Var.
Upstream	600	326	(274)
Exploration and appraisal activities	115	0	(114)
Development and production activities	485	325	(160)
Commercial	83	127	43
Refining & Midstream	142	76	(65)
Renewables & New Businesses	16	350	333
Others	15	19	5
Capex¹	856	898	42

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

4.5.

Cash flow

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

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

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

Cash flow - indirect method (figures in IFRS)

	€m	
	2019	2020
Ebit ¹	1,405	(282)
Depreciation, Amortisation and Impairments	979	1,289
Dividends from associates	146	90
Change in Working Capital	(129)	346
Taxes	(512)	(417)
Cash flow from operations²	1,890	1,025
Net capex ²	(734)	(909)
Net financial expenses	(45)	(43)
Realised Income from derivatives	-	80
Lease payments (IFRS 16) ³	(189)	(191)
Equalisation related with unitisation processes ²	-	80
Free cash flow	922	42
Dividends paid to non-controlling interests ⁴	(132)	(225)
Dividends paid to shareholders	(559)	(318)
Others ⁵	71	(129)
Change in net debt	(302)	631

¹ 2019 adjusted for the non-cash unitisation non-recurring item.

² 2020 cash flow adjusted for the effects related with Lula, Atapu and Sépia equalisation processes, namely -€137 m on the CFFO caption and €220 m on net capex, leading to a net receivable position of €83 m.

³ Includes both interest and capital payments, which in 2020 amounted €82 m and €104 m, respectively.

⁴ Mainly dividends paid to Sinopec.

⁵ Others include carries related to Sonangol and exchange rate variations on cash positions.

4.6.

Financial position

Consolidated financial position

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

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

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

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

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

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

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

The Journey to a sustainable future

5.1.

The pace of society evolution

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

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

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

5.2.

Transformation with responsibility

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

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

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

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

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



5.2. Transformation with responsibility

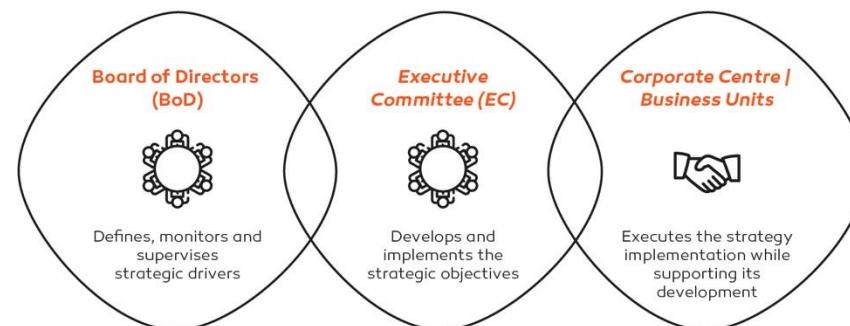
Management's commitment

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

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

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

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



Specialised Committees



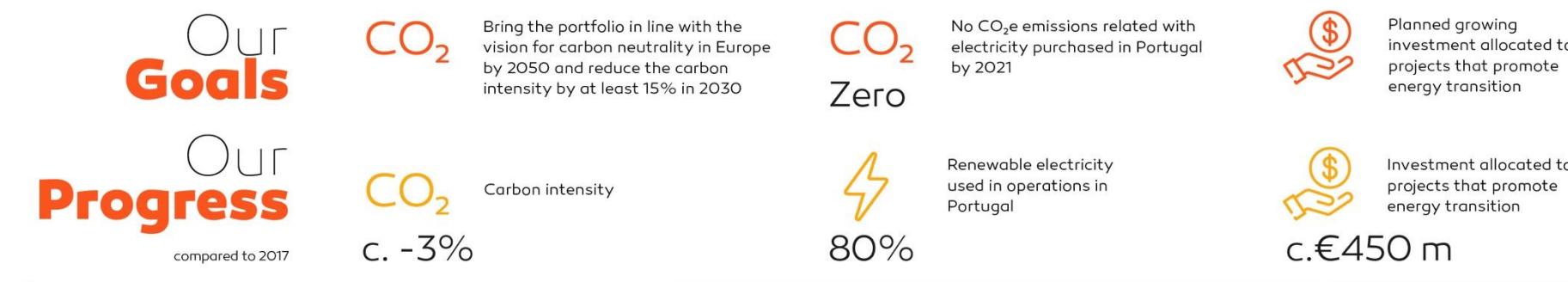
5.3.

Approach to climate change

The road to decarbonisation

Gradual decarbonisation of the portfolio

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



Our alignment with the SDGs

SDGs and key targets



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



Target 11.2: Provide access to sustainable transport systems for all



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



Target 12.2: achieve the sustainable management and efficient use of natural resources



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

5.3. Approach to climate change

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

New long-term goals

2030

2050

At least 15%
reduction
of Carbon
Intensity¹

Portfolio alignment
with Carbon neutrality
in Europe

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

Galp is exploring the technical and economic feasibility of solutions that could lead to the reduction of its carbon intensity, such as the production of renewable and synthetic fuels, the production of green hydrogen or the sequestration and use of CO₂.

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

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

¹ Comparing with the value for base year 2017 (78g CO₂e/MJ)

5.3. Approach to climate change

Carbon intensity

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

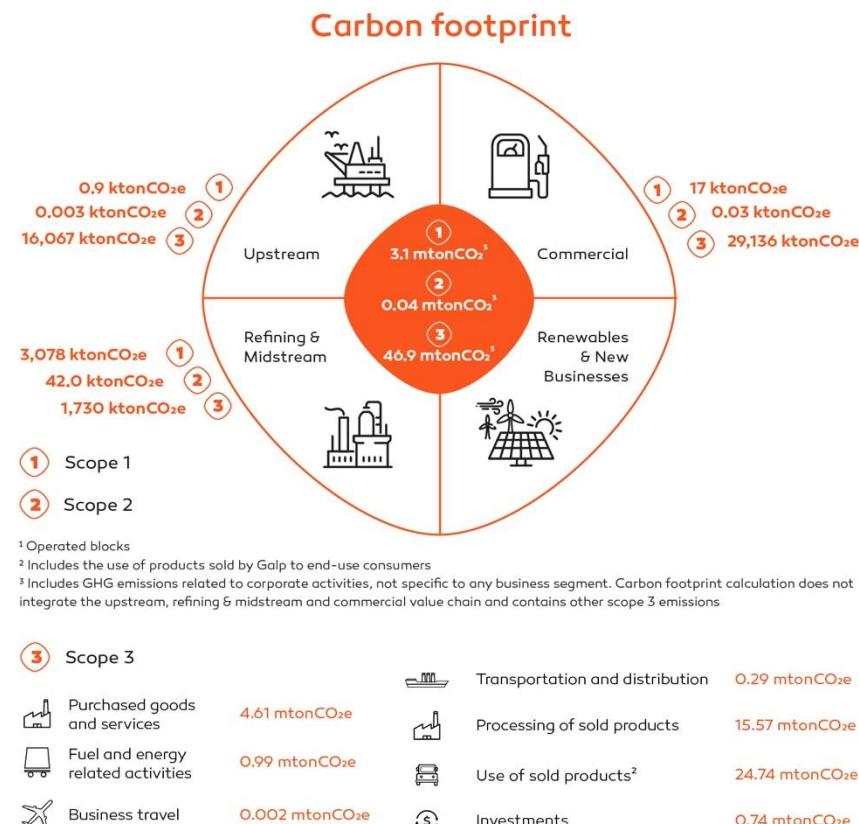
This metric includes direct and indirect emissions (scopes 1, 2 and 3) associated with the life cycle of Galp's energy products and, as such, reflecting the production, processing and delivering of energy to Galp's end consumers, as well as the use of this energy.

Detailed information on the methodology for calculating carbon metrics is available at the [Sustainability Channel](#).



Carbon footprint (CO₂e emissions – scopes 1, 2 and 3)

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



5.3. Approach to climate change

CO₂, a variable to consider

Galp makes its decisions taking into account the impact of the CO₂ variable, ensuring the calculation and monitoring of GHG emissions along the Company's value chain, thus anticipating their impact on current and future projects and business. Through a set of tools, such as the internal carbon price of \$50/tonCO₂e, and mechanisms, such as the investment standard and medium-term business plan analysis, this variable is thus incorporated into the decision-making process by top management.

Peer and partner engagement

Galp is actively engaged with its peers and partners:

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

contribute to the acceleration of the energy transition and the reduction of GHG emissions, in accordance with the goals set in the Paris Agreement.

The six principles of energy transition:

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

5.3. Approach to climate change

Galp's role in decarbonising the economy

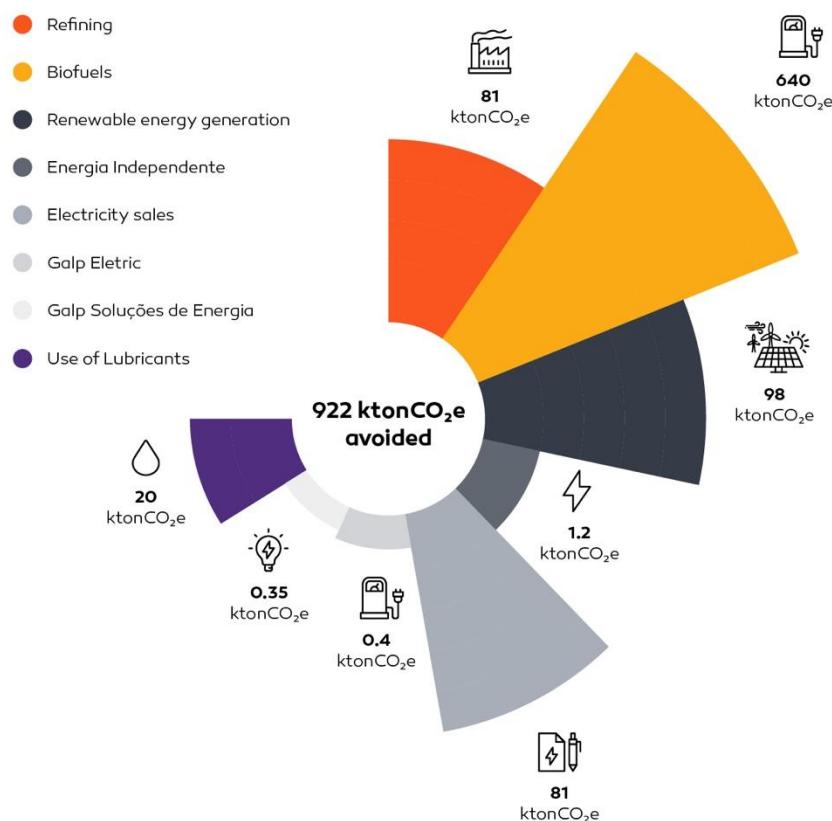
Competitive and innovative Upstream

Galp's growth profile remains based on a distinct Upstream portfolio, with resources that are characterised by their high sustainability, namely considering the low production costs and the lower carbon footprint. The competitiveness of these developments enables a CO₂ emission intensity of 9.9 kgCO₂e/boe, which contrasts with the industry average of 18.8 kgCO₂e/boe (source International Association of Oil and Gas Production (IOGP) 2019). These figures are achieved through the separation and reinjection of CO₂ in the reservoir, reducing emissions in the pre-salt fields in Brazil.

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

Avoided GHG emissions

In 2020, Galp avoided the emission of approximately 922 ktonCO₂e through the implementation of energy efficiency measures in its refineries, the integration of biofuels, the production and sale of renewable energy, the supply of decentralised energy production and energy efficiency services, and the delivery of electricity for electric mobility.



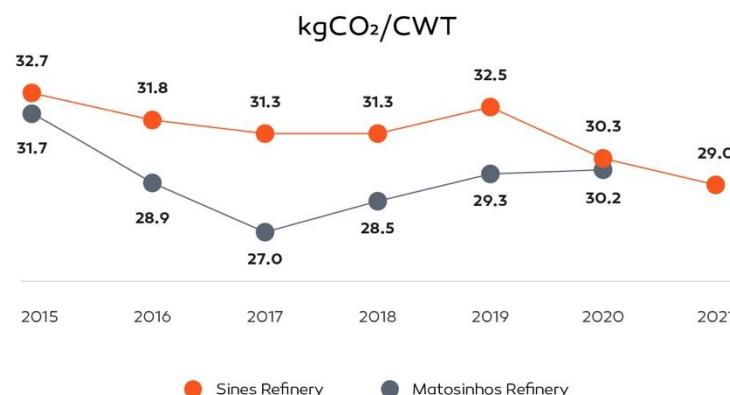
5.3. Approach to climate change

An efficient and flexible refining and midstream

Refining

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

In 2020 several energy efficiency projects were commissioned at the Sines Refinery, amounting to an investment of €4.4 m, with a reduction potential of 81 ktonCO₂, which consists of a 4% reduction in the refinery's total CO₂ emissions. Relevant projects include the revamping of the Atmospheric Distillation Exchange Train and the Flare gas recovery.



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

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

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

Biofuels

In 2020, 245,184 m³ of biofuels were incorporated into fuels sold in Portugal and Spain, including 20,600 m³ of second-generation biodiesel produced by Enerfuel. The integration of these low-carbon fuels prevented the emission of over 640 ktonCO₂e when compared to an exclusively fossil fuel.

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

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

5.3. Approach to climate change

Renewable energy generation in Iberia

In 2020, around 327 GWh of renewable energy was generated from solar photovoltaic projects in Spain and from the wind power project in Portugal, thus avoiding the emission of approximately 98 ktonCO₂.

Energia Independente

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

>500 domestic installations and **8** installations in companies during the first three months of operation - estimated annual production of about **4 GWh** | about **1.2 ktonCO₂e** avoided.

Power Purchase Agreements

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

Capacity of **400 MW** | Production of approximately **650 GWh/year** | **430 ktonCO₂e** avoided¹

¹for a period of 12 years

Galp Electric

The Company owns a network of charging stations in Portugal, with 65 Fast Charging Stations and 448 Normal Charging Stations. It is currently developing its infrastructure in Spain, which already includes 31

charging stations installed in 2020. The electricity sold by Galp for mobility has avoided approximately 0.4 ktonCO₂e.

Galp Soluções de Energia

Galp continues to offer services that enable an increase in energy efficiency of its customers' businesses, reducing consumption and providing energy generated from less carbon intensive sources. This year the implemented projects have saved 354 tonCO₂e, in addition to an annual saving of over 1,583 tonCO₂e from other projects executed by Galp's Energy Solutions in previous years.

Lubricants

In 2020, Galp's engine lubricants improved the efficiency and performance of our customers' vehicles' engines, avoiding the emission of around 20 ktonCO₂e.

5.3. Approach to climate change

Other innovative initiatives

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

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

- **GoWithFlow**

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

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

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

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

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

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

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

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

- **Digitisation reaches Upstream**

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

- **Energy impact partners**

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

5.4.

People at the centre

OUR Goals



> 75%

Rate of employee engagement with the Organization



> 90%



33%

Women in the BoD after 2022

OUR Progress



79%



99%



26%

Women in the current term of office

Our alignment with the SDGs

SDGs and key targets

5
GENDER EQUALITY

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

8
DECENT WORK AND ECONOMIC GROWTH

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

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

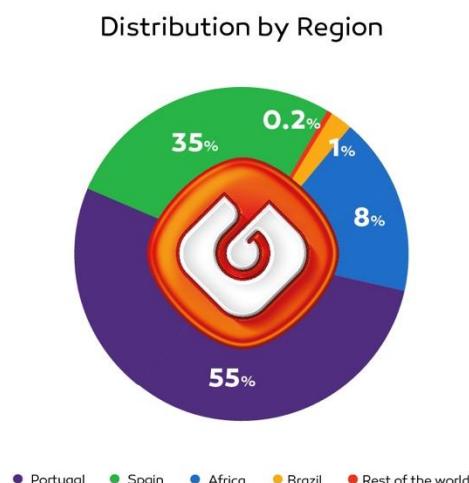
Target 9.2: Promote inclusive and sustainable industrialisation

5.4. People at the centre

6,114
Employees

51
Nationalities

11[°]
Countries



Distribution by age



187
In

351
Out

>650
Employees recruited from the
trainee program over the years

169
Thousand hours
of training

5.4. People at the centre

The most exponential technology is the human relationship

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

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

Adaptation, trust and collaboration

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

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

The evaluation of how Galp organised remote work was very satisfactory, with 82% of employees giving it a positive rating and 76% considering that productivity was enhanced. When it comes to

communication, 98% of employees confirm that they have maintained regular contact with colleagues and 95% with management, reflecting the success of Galp's adaptation to this new context.

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

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

Diversity

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

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

5.4. People at the centre

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

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

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

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

Managing talent and potential

Attracting new generations of professionals

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

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

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

Identify and recognise the potential

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

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

5.4. People at the centre



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

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

Transformation and partnerships for exponential knowledge

- **Leading@Galp**
In 2020, the Leading@Galp Programme was launched with the goal of accelerating the development of Future Leadership skills at Galp, focusing on self-knowledge, sharing experiences and future skills. The

target group of this programme is a group of 700 professionals in management and leadership roles at a global scale.

- **Mentoring@Galp**

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

- **Gama Programme**

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

- **Singularity University**

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

Internal mobility benefits people and teams

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

5.4. People at the centre

Impact on the community

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

Social licence to operate

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

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

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

- **São Tomé and Príncipe**

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

As a responsible operator, Galp has made a commitment with the State of São Tomé and Príncipe to support the local community, through social

projects and through the financing of specialised training for the country's citizens.

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

- **Namibia**

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

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

Investing in the community to generate impact

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

5.4. People at the centre



Sustainable energy and biodiversity protection

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

TERRA DE ESPERANÇA, ENERGIZA, FUMUKABA

Impact

- 500,000 trees planted
- 42.5 kton CO₂ sequestered over the next 30 years
- Around 6,000 Mozambicans with access to electricity from renewable sources
- 100,000 hectares of deforestation avoided in the next 30 years



Education and Knowledge

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

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

Impact in 2020

- 141,000 students
- 276 social scholarships

Impact in 2025

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

PROMOTING SUSTAINABLE CONSUMPTION | Future UP

Impact in 2020

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

Impact in 2025

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



Social Emergencies

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

COVID-19 | A GESTURE CHANGES EVERYTHING

Impact

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



+2,170 beneficiary entities



+860 thousand direct beneficiaries

+213 Initiatives & Projects



+250 volunteers

+680h of volunteering

5.4. People at the centre

Galp's Foundation activity

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

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

Covid-19: Social emergency response

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

- Support to Hospitals and Health Services

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

- Truck of Hope

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

- Support to the school community

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

- Other initiatives

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

5.4. People at the centre

• London Benchmarking Group

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

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

• Community investment per SDG



5.5.

Reducing the ecological footprint

Our Goals



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

> 15%



No net loss on biodiversity



Sites assessed in terms of water and biodiversity risks

100%

Our Progress



NOx emissions¹

-14%



SO₂ emissions¹

-80%



Particulate emissions¹

-20%



Water withdrawal¹

-9%



Energy consumption¹

-22%

¹ compared to 2017

Our alignment with the SDGs

SDGs and key targets



6
CLEAN WATER AND SANITATION

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



9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialization



12
RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.2: Achieve sustainable management and efficient use of natural resources
Target 12.4: Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

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



15
LIFE ON LAND

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

5.5. Reducing the ecological footprint

Promotion of eco-efficiency

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

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

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

¹The refining activity is the segment with the greatest materiality in the environmental performance of the Company.

²Includes containment losses >150 L, excluding gaseous products.

5.5. Reducing the ecological footprint

Protection of water resources and biodiversity

Efficient and responsible use of water



15%

Water recovered
in Galp operations



100%

Galp operations where
water use risk is monitored



3.5%

Galp facilities located
in areas with water scarcity

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

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

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

5.5. Reducing the ecological footprint

Protection of habitats and species



100%

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

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

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

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

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

- **Non-operated blocks**

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

Circular economy

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

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

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

5.6.

Developing a conscious business

OUR Goals



100%

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

0.3
by 2022

100%

Tier 1 supplier evaluated in terms of ESG

OUR Progress

Approx.
90%
in the last 3 years

0.5



96%

Our alignment with the SDGs

SDGs and key targets

8
DECENT WORK
AND ECONOMIC
GROWTH

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

16
PEACE, JUSTICE
AND STRONG
INSTITUTIONS

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

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

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

17
PARTNERSHIPS
FOR THE
GOALS

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

5.6. Developing a conscious business

Culture of transparency and ethics

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

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

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

Combating corruption

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

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

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

Addressing Human Rights

Protect, Respect, Repair

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

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

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

5.6. Developing a conscious business

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

Addressing Human Rights



Protecting people and assets

Responsibility creates safety

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

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

• Safety culture

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

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

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

5.6. Developing a conscious business

• Personal safety performance

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

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

IFA (Accident Frequency Index): All accidents with lost time (including fatalities and accidents with sick leave) per million work hours.

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

• Process safety

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

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

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

Tier 2 is a primary containment failure with minor consequences: unplanned release of any material, including non-toxic and non-flammable materials, with consequences.

5.6. Developing a conscious business

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

Security

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

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

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

Health protection

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

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

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



25,704 kits of individual protection equipment



1,209 PCR tests



7,591 serological tests

5.6. Developing a conscious business

Cybersecurity

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

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

Engagement with suppliers

Fundamental principles of conduct

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

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

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

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

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

5.6. Developing a conscious business

Suppliers evaluation



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

Suppliers and sustainability risk

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

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

Assessment of suppliers' exposure to sustainability risk

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

5.6. Developing a conscious business

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

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

- **Continuous monitoring of supplier performance**

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

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

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

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

Corporate governance



6.1.

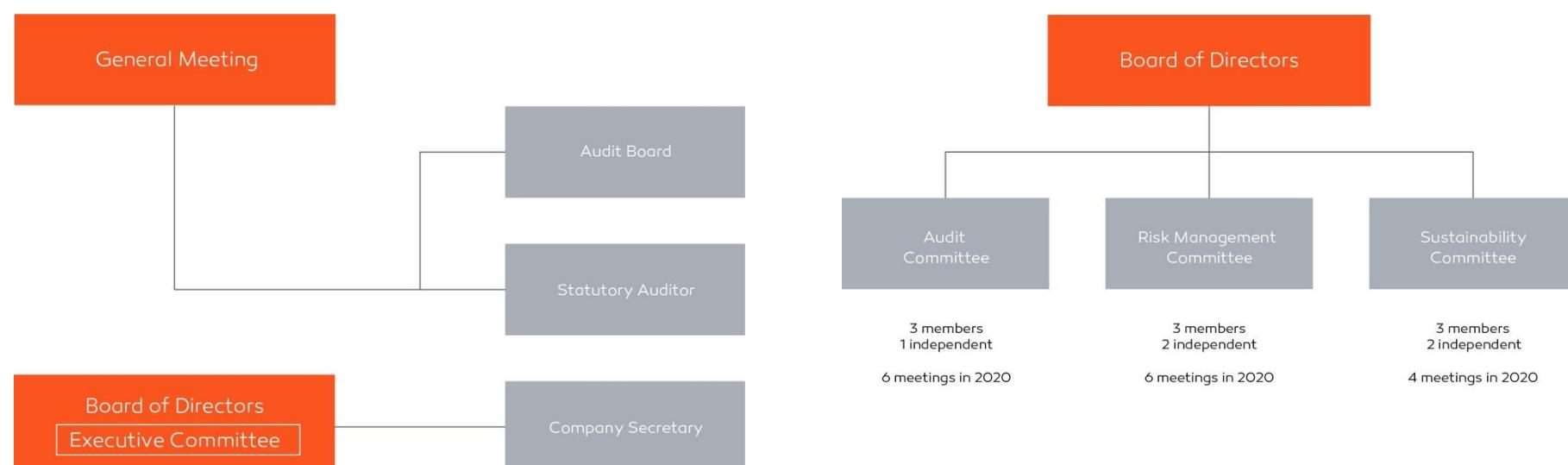
Governance model

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

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

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

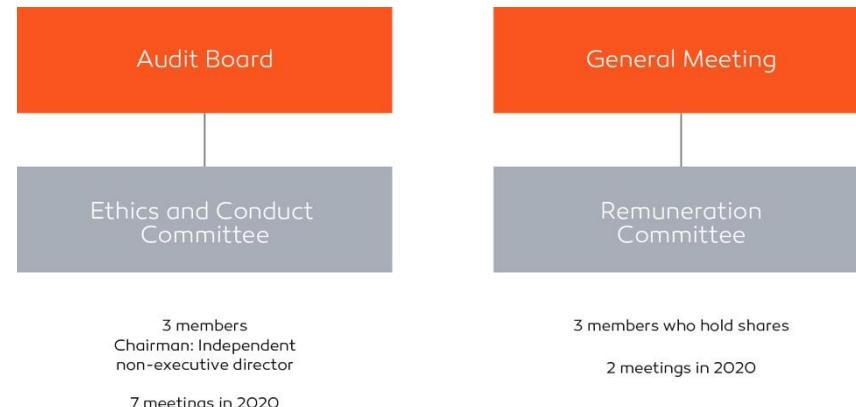
The supervisory powers of the Board are bolstered by the existence of a Lead Independent Director and three committees created within the Board, comprised exclusively by non-executive directors. These committees provide support on key issues related to its supervisory role.



6.1. Governance model

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

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



	Risk Management Committee	Sustainability Committee	Auditing Committee
Duties	Monitoring Galp's risk management system	Monitoring the integration of sustainability principles into the management process	Monitoring the supervision of the internal audit system
	Ethics and Conduct Committee		
Duties	Monitoring the implementation of the Code of Ethics and Conduct; clarifying questions about its application and reception and processing irregularity reports through the Opentalk ethics line.		
	Remuneration Committee		
	Setting the remuneration of the corporate bodies' members; preparation and presentation to the General Meeting of the annual statement on the remuneration policy of the corporate bodies; annual performance review of executive directors.		

6.2.

Corporate bodies

Board of Directors

 <p>Chairman Paula Amorim Chairman of the Audit Committee First appointment: 24 April 2012</p>	 <p>Vice-Chairman and Lead Independent Director Miguel Athayde Marques Chairman of the Sustainability Committee Member of the Risk Management Committee First appointment: 23 November 2012</p>	 <p>Vice-Chairman and Chairman of the Executive Committee (CEO) Andy Brown First appointment: 5 February 2021</p>	 <p>Chief Financial Officer Filipe Crisóstomo Silva First appointment: 26 July 2012</p>	 <p>COO Upstream Thore E. Kristiansen First appointment: 3 October 2014</p>	 <p>COO Commercial Sofia Tenreiro First appointment: 12 April 2019</p>	 <p>COO Refining & Midstream José Carlos Silva First appointment: 23 November 2012</p>	 <p>COO Renewables & New Businesses Susana Quintana-Plaza First appointment: 12 April 2019</p>	 <p>COO Corporate & Others Carlos Costa Pina First appointment: 24 April 2012</p>
 <p>Luís Todo Bom Chairman of the Risk Management Committee Member of the Audit Committee First appointment: 23 November 2012</p>	 <p>Adolfo Mesquita Nunes Chairman of the Ethics and Conduct Committee First appointment: 12 April 2019</p>	 <p>Cristina Neves Fonseca Member of the Sustainability Committee First appointment: 12 April 2019</p>	 <p>Edmar de Almeida First appointment: 12 April 2019</p>	 <p>Diogo Mendonça Tavares Member of the Sustainability Committee First appointment: 22 February 2006</p>	 <p>Rui Paulo Gonçalves Member of the Risk Management Committee First appointment: 6 May 2008</p>	 <p>Jorge Seabra de Freitas Member of the Audit Committee First appointment: 23 November 2012</p>	 <p>Francisco Teixeira Rêgo First appointment: 16 April 2015</p>	 <p>Marta Amorim First appointment: 14 October 2016</p>
 <p>Carlos Pinto First appointment: 12 April 2019</p>	<p>Executive Member — Independent Member¹ — Other Non-executive Members —</p>							

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

42%
of non-executive
directors are
independent

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

6.2. Corporate bodies

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

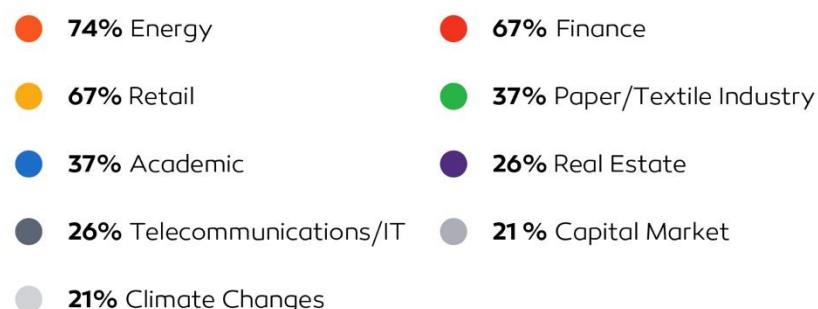
Diversity within the board of directors

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

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

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

Board of Directors' Skills



Powers of the board of directors

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

6.2. Corporate bodies

Election

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

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

Limitation of positions

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

Performance review

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

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

6.2. Corporate bodies

Executive Committee



CEO
Andy Brown

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



CFO
Filipe Crisóstomo Silva

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



COO
Thore E. Kristiansen

- Upstream



COO
Sofia Tenreiro

- Commercial



COO
José Carlos Silva

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



COO
Susana Quintana-Plaza

- Renewables & New Businesses
- Innovation



COO
Carlos Costa Pina

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

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

6.2. Corporate bodies

Powers of the executive committee

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

Performance review

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

Limitation of positions

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

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

Audit board

Chairman: José Pereira Alves

Members: Fátima Geda and Pedro Almeida

Powers:

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

Statutory auditor

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

Alternate: Manuel Mota

Powers:

- Control and review the Company's financial information

6.2. Corporate bodies

Board of the general meeting

President: Ana Perestrelo de Oliveira

Vice President: Rafael Lucas Pires

Secretary: Sofia Leite Borges

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

6.3.

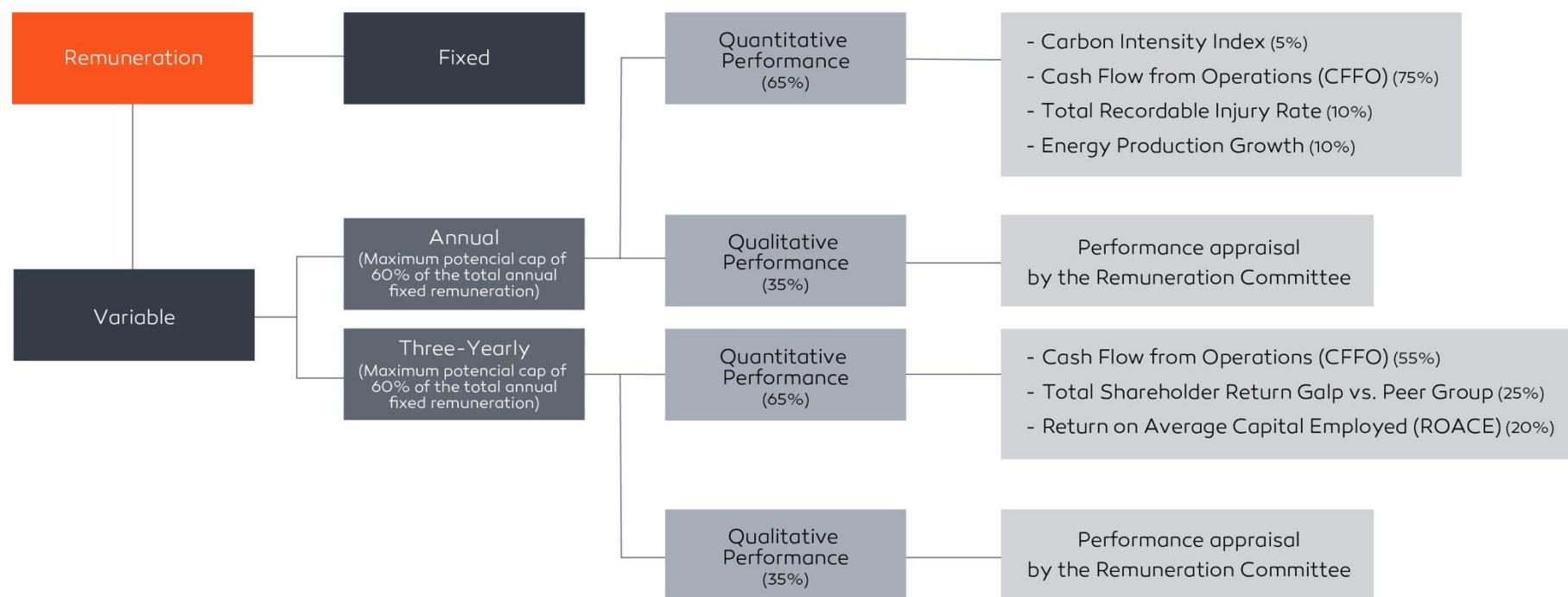
Remuneration policy

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

In order to encourage management in line with the medium and long-term interests of the Company and its shareholders, the remuneration

policy has annual and multi-annual goals for the executive members of the Board of Directors, considering a three-year period for determining the value of the remuneration's multi-annual variable component and deferring a significant portion of the three-year period payment, which depends on the Company's performance during this period.

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



6.3. Remuneration policy

Remuneration structure of executive members of the board of directors

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

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

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

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

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

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

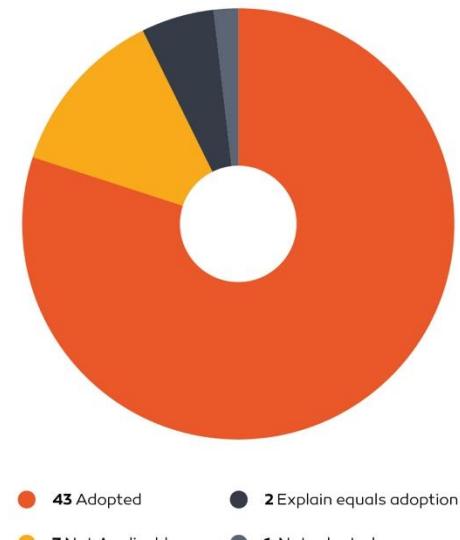
6.4.

Compliance with the corporate governance code

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

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

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



Proposal of allocation of results



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

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

Lisbon, 19th March 2021

The board of directors

Chairman

Paula Amorim

Vice-chairmen

Miguel Athayde Marques

Andy Brown

Members

Filipe Crisóstomo Silva

Thore E. Kristiansen

Carlos Costa Pina

José Carlos Silva

Sofia Tenreiro

Susana Quintana-Plaza

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Cautionary Statement

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

terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "envision", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

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

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