

Part IV - Appendixes 2020

Leading today's
energy into our

experience

Index

1. Consolidated non-financial information	3
2. Supplementary Oil and Gas information (not audited)	15
3. Galp Report payments to public administrations	27
4. Statement of compliance by the members of the Board of Directors	38
5. Report and opinion of the Audit Board	39
6. Independent report about sustainability information	47
7. Glossary and Abbreviations	49

1.

Consolidated non-financial information

Pursuant to Article 508-G of the Portuguese Code of Commercial Companies (in accordance with the provisions of Directive 2014/95/EU of the European Parliament and the European Council, relating to the disclosure of non-financial and other information, transferred to Portuguese law through Decree-Law No. 89/2017 of 28 July) and the model for reporting non-financial information by issuers of securities admitted to trading on a regulated market presented by CMVM.

Part I – Information on adopted policies

A. Introduction

Description of the Company's general policy on matters of sustainability, indicating any changes as compared to those previously approved.

Galp believes in an integrated approach to creating sustainable value, through anticipating risks, maximizing opportunities and creating solid relationships with stakeholders. The principles of sustainability and good practices in this regard are incorporated into Galp's strategy, culture and values. The work performed by Galp is guided by the high standards of safety and quality, and by the guarantee of the economic, environmental and social sustainability of the company.

Galp's performance is thus guided by a set of environmental, social and governance policies that promote the adoption of best practices in each matter and the creation of sustainable and long-term value.

Galp has its own sustainability governance model and a Sustainability Committee, whose mission is to support the Board of Directors in integrating sustainability principles into the Galp Group management process.

Description of the methodology and reasons for its adoption in the reporting of non-financial information, as well as any changes that have occurred in relation to previous years and the reasons that motivated them.

Galp's non-financial information report is intended to provide a global, transparent and rigorous view of the processes through which Galp creates economic, environmental and social value. The disclosure of non-financial information is in line with the applicable rules and globally recognised guidelines, namely:

- Rules pertaining to the reporting of non-financial information introduced by Decree-Law No. 89/2017 of 28 July (this appendix);
- the International Integrated Reporting Council (IIRC) guidelines for integrated reporting;
- the Global Reporting Initiative (GRI) guidelines, GRI Standards version, in the "Agreed - Comprehensive" option, including the Oil & Gas sector supplement guidelines relating to the sustainability report;
- the Sustainability Accounting Standards Board (SASB) for Oil and Gas (Exploration & Production, Midstream and Refining and Marketing Standards);

1. Consolidated non-financial information

Part I – Information on adopted policies

- the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board (FSB) concerning disclosure of climate-related financial risks;
- the United Nations Global Compact (UNGC) principles on sustainability information;
- the World Economic Forum, Measuring Stakeholder Capitalism metrics and disclosures;
- the Sustainable Development Goals, and
- the inclusion, materiality, responsiveness and impact principles in the AA1000 Account Ability Principles Standard (AA1000AP 2018) regarding sustainability information.

1. Consolidated non-financial information

Part I – Information on adopted policies

Galp's material aspects are all those that can significantly interfere with the ability to generate value for the Company and its stakeholders. Its identification is a continuous, robust and mature process at Galp, which guides the Company in understanding the main challenges and opportunities it faces, ensuring strategic alignment and communication with the most important aspects. Galp's non-financial information is publicly presented, and subject to third-party verification, in the company's annual integrated report, on the company's website and other relevant communication media, as is the case of the document 2020 Non-financial Information - GRI Standards.

B. Business model

General description of the business model and organisational structure of the Company/Group, indicating the main business areas and markets in which it operates

Galp has an organic structure based, at the operational level, on four business units: Upstream, Midstream, Commercial, and Renewables and New Business.

Galp operates in the following markets: Portugal, Spain, Brazil, Mozambique, Angola, Namibia, Cape Verde, Guinea-Bissau, São Tomé and Príncipe, Eswatini and East Timor.

For more information, see Part III of this report – Integrated Management Report – “Notes to the consolidated financial statements of 31 December 2020” and the Galp website <https://www.galp.com/corp/en/about-us/what-we-do> and <https://www.galp.com/corp/en/about-us/global-presence>

C. Main risk factors

1. Identification of the main risks associated with the matters subject to reporting and arising from the Company's activities, products, services or business relationships, including, if applicable and whenever possible, supply chains and subcontracting.
2. Indication of how these risks are identified and managed by the Company.
3. Explanation of the internal functional division of competencies, including corporate bodies, committees, commissions or departments responsible for risk identification and management/monitoring.

Information available for consultation in section 53 of Part II of this report - Corporate Governance Report (description of the main risks to which the Company is exposed in executing its activity).

1. Consolidated non-financial information

Part I – Information on adopted policies

4. Express indication of the new risks identified by the Company compared to what was reported in previous years, as well as the risks that ceased to be.
5. Indication and brief description of the main opportunities that are identified by the Company in the context of the matters subject to reporting.

E. Implemented policies

Description of the policies: i. environmental, ii. social and tax, iii. regarding workers and gender equality and non-discrimination, iv. regarding human rights and v. regarding combating corruption and bribery in the Company, including the policies of due diligence and the results of their application, including related key non-financial performance indicators, and comparison with the previous year.

Galp is committed to efficiently and transparently managing all matters related to risk management and impacts of its activities (whether environmental, social, tax or governance). In this regard, Galp has developed a set of Policies that govern its performance and that enable the sustainable management of the business and the establishment and fulfilment of challenging objectives and goals.

Health, Safety and Environmental Policy

Through the Health, Safety and Environment Policy, Galp undertakes to integrate synergistically aspects related to safety, health and the environment in its strategy and to ensure the proper management of the same, with the clear goal of acting responsibly, and thereby reducing negative possible impacts and maximizing the positive effects of its activities.

Specific Health, Safety and Environmental Requirements

This Regulation defines the requirements in the area of health, safety and environment (HSE) that must be met in decision-making, throughout the life cycle of the projects, in order to ensure the protection of people, environment and assets. The Regulation presupposes the HSE risk assessment and is aligned with Galp's Health, Safety and Environment Policy and its commitments.

Climate Change Policy

Galp considers it essential to promote and contribute to meeting the energy needs of the future, in strict cooperation with the goals proposed to combat climate change. In this regard, and aware that this is truly a challenge for the future, Galp updates its Climate Change Policy in line with its commitment to follow good market practices and trends in this regard.

Code of Ethics and Conduct

1. Consolidated non-financial information

Part I – Information on adopted policies

Galp's Code of Ethics and Conduct is a guide for the company's actions, its people and business partners, which outlines Galp's fundamental ethical guidelines regarding its actions and which it establishes, for each of the principles outlined herein, commitments, responsibilities and good practices.

Human Rights Policy

Conscious that Human Rights are inherent to the human condition, Galp undertakes to support their defence and promotion, in all the geographical regions and contexts in which it operates.

Corporate Social Responsibility Policy

For Galp, corporate social responsibility is a fundamental dimension of management. This Policy, applicable to the various contexts and regions in which Galp operates, establishes goals and behaviours expected throughout the value chain and in its relationship with stakeholders.

Tax Policy

Through its Tax Policy, Galp is committed to monitoring the evolution of best practices in tax matters, and this policy establishes Galp's recognition of the importance of adopting and implementing the best international practices in terms of tax transparency.

Community Investment Policy

As a reference company in the energy sector, present in various regions, Galp undertakes to be an essential partner in the community where it exercises its activity, with the goal of promoting its social and economic development, in line with its strategy.

2020 Equality Plan

Galp, in its 2020 Equality Plan, is dedicated to the goals, measures and practices implemented in 2019 and to implementing gender equality in 2020. This Plan is updated annually.

2021 Equality Plan

Galp, in its 2021 Equality Plan, is dedicated to the goals, measures and practices implemented in 2020 and to implementing gender equality in 2021. This Plan is updated annually.

Diversity Policy in Administration and Audit Bodies

1. Consolidated non-financial information

Part I – Information on adopted policies

Galp recognises, in its Diversity Policy in Administration and Audit Bodies, the benefits of diversity within its management and audit bodies as a way of ensuring greater balance in its composition, improving the performance of its members, strengthening the quality of the processes of decision making and control, avoiding the effect of group thinking and contributing to the sustainable development of the Company.

Corruption Prevention Policy

In the Corruption Prevention Policy, Galp lists the guidelines for preventing the risk of corruption in the Group. The commitment assumed by Galp in this context also presupposes the monitoring and continuous improvement of good practices in this matter.

Corruption Prevention Rule

Galp's Corruption Prevention Rule establishes rules and procedures to prevent, detect and respond to the risk of corruption in the Galp Group, achieving and developing that established in the Code of Ethics and Conduct and the Corruption Prevention Policy, in line with Galp's values, the legal and regulatory obligations to which Galp and its employees are subject, the specific corruption risks Galp faces in furtherance of its activities in the various regions where it operates, and the expectations of its stakeholders.

Policy for the Prevention of Money Laundering and Terrorist Financing

Galp considers it essential to prevent, detect and respond to the risks of exposure to money laundering and terrorist financing within the scope of its transactions with third parties. In this regard, a Policy for the Prevention of Money Laundering and Terrorist Financing was implemented, which lists Galp's commitments to combat the transformation of funds from criminal origin into legal resources through the financing mechanisms of a money laundering organisation.

Prevention of Money Laundering and Terrorist Financing Rules

Galp's Money Laundering and Terrorism Financing Prevention Rule establishes rules aimed at preventing, detecting and responding to the risks of exposure to money laundering and terrorist financing, achieving that established in the Code of Ethics and the Prevention of Money Laundering and Terrorist Financing. Amongst the various duties instituted by the Rule is the general duty of employees of the Galp Group or third parties acting on its behalf not to enter transactions with counterparties whose intention may be to conceal or disguise the illicit origin, source, location, or disposal or movement of capital, goods or products, in violation of applicable money laundering prevention laws.

1. Consolidated non-financial information

Part I – Information on adopted policies

Key Indicators and Results

See the following sections of Part I of this report – Integrated Management Report:

- 1.2. Value Creation Model
- 1.4. Contribution to Sustainable Development Goals
- 5. The Journey to a Sustainable Future

Environmental policies

Galp provides, in its strategic plan, a set of environmental and climatic strategic goals. In 2020, the definition of long-term goals to reduce carbon emissions stands out: alignment of the portfolio with the vision of carbon neutrality in Europe by 2050 and reduction of carbon emissions from activities by at least 15% by 2030 (2017 as a reference year).

See the following sections of Chapter 5 Part I of this report - Integrated Management Report:

- 5.2 Transformation with responsibility
- 5.3 Approach to climate change
- 5.5 Reducing the ecological footprint

Available through the Sustainability Channel of the Galp [website](#) is the document "Goals and Objectives", which contains Galp's main commitments and goals regarding the Environment.

See the following sections of Chapter 5 Part I of this report - Integrated Management Report:

- 5.3 Approach to climate change
- 5.5 Reducing the ecological footprint

Available through the Sustainability Channel of the Galp [website](#) is the document "2020 Non-Financial Information - GRI Standards", which consists of the main environmental performance indicators and the [Interactive Indicators](#).

See the following sections of Chapter 5 Part I of this report - Integrated Management Report:

- 5.3 Approach to climate change

1. Consolidated non-financial information

Part I – Information on adopted policies

- 5.5 Reducing the ecological footprint

Available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/en/sustainability/reporting/documents> is the document "Objectives and Goals", which contains Galp's main commitments and goals in Environmental matters.

Social and tax policies

In its strategic plan, Galp provides a set of strategic social objectives, aimed at creating value and its distribution, directly and indirectly, by the company.

See the following sections of Part I of this report - Integrated Management Report:

- 1.4. Contribution to Sustainable Development Goals
- 5.2 Transformation with responsibility
- 5.4 People at the centre
- 5.6 Developing a conscious business

See also:

- Galp's Tax Policy
- Information on dialogue with Stakeholders at <https://www.galp.com/corp/en/sustainability/our-commitments/engagement-with-stakeholders/dialogue-with-stakeholders>

The document "Objectives and Goals", which contains Galp's main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/pt/sustentabilidade/reporting/documents>.

See the following sections of Part I of this report - Integrated Management Report:

- 1.4. Contribution to Sustainable Development Goals
- 5.4 People at the centre
- 5.6 Developing a conscious business

See the following sections of Part IV – Appendices of this report - Integrated Management Report:

- Supplementary Oil and Gas information
- Report on payments to public administrations

1. Consolidated non-financial information

Part I – Information on adopted policies

Available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/pt/sustentabilidade/reporting/documentos>, is the document “2020 Non-Financial Information - GRI Standards”, which contains the key social performance indicators and the Interactive Indicators.

See the following sections of Chapter 5 Part I of this report - Integrated Management Report:

- 5.4 People at the centre
- 5.6 Developing a conscious business

The document “Objectives and Goals”, which contains Galp’s main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/en/sustainability/reporting/documents>

Employees and gender equality and non-discrimination

Galp positions itself as a competitive and fair employer, its values guided by principles of diversity, equal opportunity and training.

See the following sections of Part I of this report - Integrated Management Report:

- 5.2 Transformation with responsibility
- 5.4 People at the centre
- 5.6 Developing a conscious business

Available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/pt/sustentabilidade/reporting/documentos> is the document “Objectives and Goals”, which contains Galp’s main commitments and goals in Social matters, and the 2021 Equality Plan.

See the following sections of Part I of this report - Integrated Management Report:

- 1.4. Contribution to Sustainable Development Goals
- 5.4 People at the centre
- 5.6 Developing a conscious business

The document “2020 Non-Financial Information - GRI Standards”, which contains the main social performance indicators and the Interactive Indicators is available through the Sustainability Channel.

1. Consolidated non-financial information

Part I – Information on adopted policies

For more information, see Part II of this report – Corporate Governance Report and the Galp website about the remuneration of directors.

See the following sections of Chapter 5 Part I of this report - Integrated Management Report:

- 5.4 People at the centre
- 5.6 Developing a conscious business

The document “Objectives and Goals” is available at the Sustainability Channel and contains Galp’s main commitments and goals in Social matters, and the 2021 Equality Plan, which includes the measures implemented in 2020.

For more information, see Part II of this report – Corporate Governance Report and the Galp website about the compensation policy.

3. Indication, compared to the previous year, of the degree of achievement of those goals

Human rights

Galp’s commitments in this matter are established in the Human Rights Policy, which is aligned with Internationally recognised Human Rights standards, namely the 10 principles of the United Nations Global Compact, the Universal Declaration of Human Rights of the United Nations, as well as the Code of Conduct of the International Labour Organisation (ILO) and with regard to the Rights of Indigenous Peoples (ILO 169 and IFC PS7).

Additionally, Galp is a signatory of the CEO Guide on Human Rights, of BCSD Portugal and a member of the Voluntary Principles on Security and Human Rights organisation.

See the following sections of Part I of this report - Integrated Management Report:

- 5.2 Transformation with responsibility
- 5.6 Developing a conscious business

The document “Objectives and Goals”, which contains Galp’s main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/en/sustainability/reporting/documents>

Galp’s commitments on human rights are available through the Corporate Governance Channel at the Galp website galp.com/corp/en/corporate-governance/ethics-and-conduct/human-rights

1. Consolidated non-financial information

Part I – Information on adopted policies

2. Description of the main defined performance indicators.

See the following sections of Part I of this report - Integrated Management Report:

- 1.4. Contribution to Sustainable Development Goals
- 5.6 Developing a conscious business

3. Indication, compared to the previous year, of the degree of achievement of those goals

Refer to section 5.6 Developing a conscious business, of Part I of this report – Integrated Management Report.

For more information about the human rights assessments performed in 2020 by Galp, please consult the “Operational Human Rights Assessment – Status Report” available at the Galp [website](#)

Fighting corruption and bribery attempts

Prevention of corruption: measures and instruments adopted to prevent corruption and bribery; policies implemented to dissuade these practices together with workers and suppliers; information about the compliance system indicating the respective responsible officials, if any; indication of legal proceedings involving the Company, its administrators or employees related to corruption or bribes; measures adopted at the public procurement site, if relevant.

As part of the assessment process of any new potential investment in a different region, Galp assesses the risks of corruption associated with the socio-economic context of the region in question.

Galp also performs due diligence procedures regarding its business and social partners, service providers and the most relevant suppliers before entering into transactions with them, to ensure that such entities also follow appropriate and effective policies and procedures related to the prevention of corruption and bribery.

In 2020, 213 counterparties were assessed through in-company integrity audit systems.

In seven cases, significant risks were identified and, therefore, the interactions with the counterparties in question have been cancelled.

Nine hundred and sixty-one (961) assessments were also conducted prior to making and/or receiving offers involving Galp employees through Galp's electronic offer registration platform.

Prevention of money laundering (for issuers subject to this regime): information about measures to prevent and combat money laundering.

In 2020, Galp's Money Laundering and Terrorist Financing Prevention Rule was published, which establishes rules and procedures aimed at preventing, detecting and responding to the risks of exposure to money laundering and terrorist financing. Amongst the various duties established in the Rule, is the duty of Galp Group employees or third parties acting on their behalf not to enter into transactions with counterparties whose intention may be to conceal or disguise the illicit origin, source, location, or disposal or movement of capital, goods or products, in violation of the applicable money laundering prevention laws. Other GALP activities are covered by applicable legislation (including real estate transactions and cash payments) and procedures implemented to deal with risks of money laundering prevention in this particular area.

1. Consolidated non-financial information

Part I – Information on adopted policies

Code of Ethics and Conduct

Galp's Code of Ethics and Conduct is a guide for the actions of the company, its people and business partners, which outlines the fundamental ethical guidelines of Galp's actions and that establishes, for each of the principles listed therein, commitments, responsibilities and good practices.

Reporting Irregularities Rule – Ethics Line

Through the ethics line opentalk@galp.com, Galp promotes the reporting, on a confidential basis, of any knowledge or substantiated suspicion of the occurrence of irregularities or circumstances of non-compliance in relation to the Code of Ethics and Conduct or other Galp Policies and Regulations.

Conduct and Ethics Committee

Galp's Ethics and Conduct Committee, an in-company and independent body that reports to the Audit Board, is responsible for monitoring the implementation of the aspects set out in the Code of Ethics and Conduct, for clarifying doubts about its application and for processing the information transmitted through the Ethics Line.

Regulations of the Ethics and Conduct Committee

This Regulation establishes the competencies, duties, and rules of operation of the Galp Ethics and Conduct Committee.

Information is available in section II of point C) of the 2020 Corporate Governance Report and through the Corporate Governance Channel of the Galp website

<https://www.galp.com/corp/en/corporate-governance/ethics-and-conduct/reporting-of-irregularities>
regarding the irregularities' communication channel

Conflict of Interest Management Rule

The Conflict of Interest Management Rule describes the set of in-company control rules and procedures adopted by Galp in order to prevent conflicts of interest.

Reporting Irregularities Rule – Ethics Line

If employees are in a situation where their personal interests conflict, or may conflict, with their professional duties at Galp, they must report such a situation through Galp's electronic conflict of interest registry.

If employees are aware of a conflict of interest that is a risk to Galp and they have substantiated suspicions that have not been reported to the Ethics and Consultation Committee, the employees must report the information through the ethics line opentalk@galp.com.

Conflict of Interest Management: measures for managing and monitoring conflicts of interest, namely the requirement to subscribe to statements of interest, incompatibilities and impediments by managers and employees.

2.

Supplementary oil and gas information (not audited)

The following information is presented in accordance with Extractive Activities - Oil & Gas (Topic 932) of the Financial Accounting Standards Board (FASB).

Operating income from E&P activities

Operating income from E&P activities by geography, for the years 2020, 2019 and 2018 are as follows:

	Africa	Latin America	Rest of the world	unit: €k Total
31 December 2020				
Consolidated total contribution				
Sales	168,429	1,285,581	-	1,454,010
Production costs	(35,649)	(39,102)	-	(74,751)
Royalties	-	(137,990)	-	(137,990)
Other operating costs	(4,533)	(75,689)	(31)	(80,253)
Exploration costs	(4,784)	(111,718)	(225)	(116,726)
Depreciation, amortisation and provisions for the period	(146,610)	(451,575)	(4,406)	(602,591)
Operating income before tax for the E&P activities	(23,146)	469,506	(4,661)	441,700
Taxes	(13,115)	(334,704)	1,398	(346,421)
Operating income for the E&P activities	(36,260)	134,802	(3,263)	95,279
31 December 2019				
Consolidated total contribution				
Sales	244,773	1,987,260	-	2,232,033
Production costs	(28,213)	(55,761)	-	(83,974)
Royalties	-	(194,276)	-	(194,276)
Other operating costs	(5,703)	(90,375)	(26)	(96,105)
Exploration costs	(16,601)	(23,701)	-	(40,302)
Depreciation, amortisation and provisions for the period	(239,893)	(338,660)	32	(578,521)
Operating income before tax for the E&P activities	(45,637)	1,284,487	6	1,238,856
Taxes	(19,187)	(783,568)	(2)	(802,757)

2. Supplementary oil and gas information (not audited)

	Africa	Latin America	Rest of the world	Total	unit: €k
Operating income for the E&P activities	(64,825)	500,919	4	436,099	
31 December 2018					
Consolidated total contribution					
Sales	145,877	1,899,184	-	2,045,061	
Production costs	(24,682)	(162,937)	-	(187,619)	
Royalties	-	(188,818)	-	(188,818)	
Other operating costs	(6,106)	(89,697)	(23)	(95,826)	
Exploration costs	(7,470)	(35,831)	(820)	(44,121)	
Depreciation, amortisation and provisions for the period	(40,752)	(298,358)	-	(339,111)	
Operating income before tax for the E&P activities	66,866	1,123,544	(842)	1,189,567	
Taxes	(8,658)	(636,083)	199	(644,541)	
Operating income for the E&P activities	58,209	487,461	(643)	545,026	

Sales from production includes revenues from the production and sale of oil and natural gas.

Production costs include direct production costs associated with blocks which are currently in production, namely costs relating to the operation and maintenance of wells, equipment related to the support facilities for the extraction of oil and gas operations, collecting system and other general and administrative costs related to production. This caption is presented net of income regarding leasing of production equipment, registered in companies that are not fully consolidated in the Group. The following deductions were made: €22,434k in 2020, €55,064k in 2019 and €80,175k in 2018

With effect from 1 January 2019, Galp adopted the accounting standard IFRS 16. This methodology was not applied retroactively to previous years.

For comparison reasons, the adoption of this standard has an impact of €135,518 k in production costs and €89,859 k in Amortization, Depreciation and Provisions for 2018.

Other operating costs include the responsibility for R&D associated with production activities in Brazil, as well as overhead costs pertaining to areas directly related to exploration and production activities. This caption excludes general corporate overhead costs related to Group

2. Supplementary oil and gas information (not audited)

companies, in accordance with FASB Topic 932, and includes costs recorded in companies that are not fully consolidated in the amount of €2,773 k in 2020, €3,748 k in 2019 and €2,586 k in 2018.

Exploration costs correspond to exploration impairments, namely costs of dry wells or asset impairments following the decision to relinquish

exploration licenses, in accordance with the accounting policy described in note 5 Tangible Assets from the notes to the consolidated financial statements.

	Africa	Latin America	Rest of the world	Total	unit: €k
31 December 2020					
Consolidated total contributions					
Acquisitions without proved reserves	-	-	-	-	
Exploration	3,496	25,251	152	28,898	
Development	112,892	174,544	-	287,436	
Total incurred in the period	116,387	199,795	152	316,334	
31 December 2019					
Consolidated total contributions					
Acquisitions without proved reserves	-	76,699	-	76,699	
Exploration	1,187	52,373	34	53,593	
Development	207,000	249,199	-	456,200	
Total incurred in the period	208,187	378,271	34	586,492	
31 December 2018					
Consolidated total contributions					
Acquisitions without proved reserves	-	175,036	-	175,036	
Exploration	(749)	49,452	997	49,700	
Development	187,845	209,219	-	397,064	
Total incurred in the period	187,096	433,707	997	621,800	

2. Supplementary oil and gas information (not audited)

Amounts reported include capitalised costs and costs charged to expense when incurred for the acquisition, exploration and development of oil and gas property. The operating costs presented above include drilling and equipment costs for exploration wells and geological and geophysical expenses.

Effective from 1 January 2018, G&G and G&A costs, mainly related to the exploration activity, started to be accounted as operating costs of the period in which they occur, and ceased to be capitalized.

Development costs include drilling costs and equipment for development wells, as well as the construction of related equipment.

Amounts in the caption "Development" include assets which are related to transport and production equipment for block BM-S-11/A in Brazil and Area 4 in Mozambique, recorded in companies consolidated by the equity method.

Investments are stated in the Group's functional currency. For companies where the functional currency is not the Euro, assets were

accounted for at the corresponding exchange rate at the end of the year, in accordance with the accounting policy defined in note 5 of consolidated financial statements. In 2020, an exchange rate of 1.23 EUR:USD was considered.

Capitalised interests were not included in capital expenditure.

Cumulative investments in E&P activities

Cumulative investments include total expenditure in the acquisition of proved or unproved reserves and in exploration and development activities of blocks in which Galp holds a stake.

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

2. Supplementary oil and gas information (not audited)

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

	Africa	Latin America	Rest of the world	Total	unit: €k
31 December 2020					
Consolidated total contributions					
Assets with proved reserves					
Fixed assets	1,716,503	2,968,171	-	4,684,674	
Work in progress (incomplete wells)	428,260	324,355	-	752,614	
Assets without proved reserves	211,588	713,668	1,993	927,249	
Support equipment	389	5,989	-	6,378	
Gross cumulative investment	2,356,740	4,012,182	1,993	6,370,915	
Cumulative amortisations, depreciations and impairments	(1,251,483)	(1,297,349)	(1,993)		
Net cumulative investments	1,105,256	2,714,833	-	3,820,089	
31 December 2019					
Consolidated total contributions					
Assets with proved reserves					
Fixed assets	1,602,411	2,546,333	-	4,148,744	
Work in progress (incomplete wells)	450,744	1,025,048	-	1,475,792	
Assets without proved reserves	310,628	607,719	1,993	920,341	
Support equipment	371	6,571	-	6,942	
Gross cumulative investment	2,364,154	4,185,672	1,993	6,551,819	
Cumulative amortisations, depreciations and impairments	(1,128,478)	(923,371)	(1,993)		
Net cumulative investments	1,235,677	3,262,300	-	4,497,977	
31 December 2018					
Consolidated total contributions					
Assets with proved reserves					
Fixed assets	1,280,944	2,279,453	-	3,560,397	

2. Supplementary oil and gas information (not audited)

	Africa	Latin America	Rest of the world	Total	unit: €k
Work in progress (incomplete wells)	695,282	1,099,673	-	1,794,955	
Assets without proved reserves	180,538	485,234	1,993	667,765	
Support equipment	333	5,707	-	6,040	
Gross cumulative investment	2,157,097	3,870,067	1,993	6,029,158	
Cumulative amortisations, depreciations and impairments	(1,010,247)	(805,083)	(1,993)		
Net cumulative investments	1,146,850	3,064,984	-	4,211,834	

Investments were classified in accordance to the following assumptions:

1. Assets with Proved Reserves (PR or 1P): assets related to fields which hold proved reserves at the end of each year.
 - 1.1. Fixed assets with PR: assets related with fields which hold proved reserves at the end of each year, already producing and subject to depreciation;
 - 1.2. Work in progress with PR (incomplete wells): assets related with fields with proved reserves at the end of each year, which are not yet in production.
2. Assets without PR: assets related with fields without proved reserves, at the end of each year.
3. Support equipment: basic and administrative equipment allocated to E&P activities.

Amounts in the following captions include assets related to transport and production equipment for block BM-S-11 in Brazil and Area 4 in

Mozambique, accounted for in companies which were consolidated through the equity method.

In the table above, cumulative investments are stated in the Group's functional currency. Regarding companies whose functional currency is not the Euro, assets were updated taking into account the corresponding exchange rate at the end of the year, in accordance with the accounting policy defined in paragraph 2.12 of the notes to the consolidated financial statements.

In 2020, an exchange rate of 1.23 EUR:USD was considered.

Oil and gas reserves

Total proved reserves (1P) on 31 December 2020, 2019 and 2018 which are presented in the tables below, include developed and undeveloped proved reserves. These reserves were determined by the independent entity DeGolyer and MacNaughton (DeMac), whose methodology is in accordance with the PMRS, approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers (SPE), the World Petroleum

2. Supplementary oil and gas information (not audited)

Council (WPC), the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Proven reserves are the quantities of oil that, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be commercially recoverable in accordance with defined economic considerations, operational methods, and government regulations.

Proven reserves include estimated quantities related to production sharing contracts (PSC) that are reported under the net entitlement method (which is subject to fluctuations in commodity prices and recoverable costs), as well as estimated quantities related to concessions (royalty regime) in which the net entitlement corresponds to the working interest.

As required by Topic 932, the economic limit of reserves is based on the average prices of the last 12 months and current costs. The economic

cut-off date affects the reserve estimate. Therefore, as prices and cost levels change from year to year, the estimate of proved reserves may also change.

The reference price used to determine the Company's net entitlement reserves, which are those to be developed as per the agreements signed for the exploration and production activity, was \$41.8/bbl, \$64.3/bbl and \$71.0/bbl and corresponds to the average market price of Brent for 2020, 2019 and 2018, respectively.

Reserves associated with blocks in Brazil correspond to 100% of the stake held by Petrogal Brasil in those blocks, since this company is fully consolidated in the Galp Group.

The impacts of PSC (price effect and/or change in recoverable costs) in reserves associated with this type of agreements are reflected in the caption "Revisions of previous estimates".

2. Supplementary oil and gas information (not audited)

Oil reserves (1P proved reserves)

Net entitlement				unit: kbbi
	Africa	Latin America	Total	
2020				
Reserves on 31 December 2019	20,552	287,587	308,139	
Developed	14,467	151,832	166,299	
Undeveloped	6,085	135,755	141,840	
Extensions and discoveries	-	-	-	
Acquisitions and sales	-	(85)	(85)	
Revisions of previous estimates	780	21,330	22,110	
Production	(4,477)	(37,907)	(42,384)	
Reserves on 31 December 2020	16,855	270,925	287,780	
Developed	12,711	170,116	182,827	
Undeveloped	4,144	100,809	104,953	
2019				
Reserves on 31 December 2018	21,428	274,732	296,160	
Developed	6,616	126,357	132,973	
Undeveloped	14,812	148,375	163,187	
Extensions and discoveries	-	10,299	-	
Acquisitions and sales	-	-	-	
Revisions of previous estimates	3,398	37,040	40,438	
Production	(4,276)	(34,484)	(38,760)	
Reserves on 31 December 2019	20,552	287,587	308,139	
Developed	14,467	151,832	166,299	
Undeveloped	6,085	135,755	141,840	

2. Supplementary oil and gas information (not audited)

	Net entitlement			unit: kbbi
	Africa	Latin America	Total	
2018				
Reserves on 31 December 2017	22,037	262,159	284,196	
Developed	4,740	109,143	113,883	
Undeveloped	17,297	153,016	170,313	
Extensions and discoveries	210	9,754	9,964	
Acquisitions and sales	-	-	-	
Revisions of previous estimates	1,659	34,432	36,091	
Production	(2,478)	(31,613)	(34,091)	
Reserves on 31 December 2018	21,428	274,732	296,160	
Developed	6,616	126,357	132,973	
Undeveloped	14,812	148,375	163,187	

Gas reserves (1P proved reserves)

	Africa			Latin America	Total	unit: mmscf
	Africa	Latin America	Total			
2020						
Reserves on 31 December 2019	329,168	245,222	574,390			
Developed	-	128,701	128,701			
Undeveloped	329,168	116,521	445,689			
Extensions and discoveries	-	-	-			
Acquisitions and sales	-	-	-			
Revisions of previous estimates	-	34,766	34,766			

2. Supplementary oil and gas information (not audited)

				unit: mmscf
		Africa	Latin America	Total
Production		-	(28,114)	(28,114)
Reserves on 31 December 2020		349,081	231,961	581,042
Developed		-	149,163	149,163
Undeveloped		349,081	82,798	431,879
2019				
Reserves on 31 December 2018		324,882	230,384	555,266
Developed		-	114,864	114,864
Undeveloped		324,882	115,520	440,402
Extensions and discoveries		-	5,920	5,920
Acquisitions and sales		-	-	-
Revisions of previous estimates		4,286	39,104	43,390
Production		-	(30,186)	(30,186)
Reserves on 31 December 2019		329,168	245,222	574,390
Developed		-	128,701	128,701
Undeveloped		329,168	116,521	445,689
2018				
Reserves on 31 December 2017		339,054	252,350	591,404
Developed		-	119,267	119,267
Undeveloped		339,054	133,083	472,137
Extensions and discoveries		-	1,526	1,526
Acquisitions and sales		-	-	-
Revisions of previous estimates		(14,172)	3,819	(10,353)
Production		-	(27,311)	(27,311)
Reserves on 31 December 2018		324,882	230,384	555,266
Developed		-	114,864	114,864
Undeveloped		324,882	115,520	440,402

2. Supplementary oil and gas information (not audited)

Gas reserves are presented in millions of cubic feet (mmscf), with one barrel of oil equivalent (boe) corresponding to 6,000 cubic feet of gas.

Standard measure of discounted future net cash flows

The standard measure of discounted future cash flows has been prepared in accordance with the requirements of Topic 932 of FASB and corresponds to an economic translation of the 1P proved reserves presented in the previous section by the independent entity DeGolyer and MacNaughton (DeMac).

Future cash inflows represent future revenues associated with the production of proved reserves, calculated by applying the average market price of Brent during 2020: \$41.8/bbl.

Future production costs correspond to the estimated production costs associated with proved reserves.

Future royalties are estimated considering production revenue.

Future development and abandonment costs correspond to the estimated costs for the development of proved reserves (drilling and installation of production platforms), as well as the estimated costs of field abandonment.

Future income taxes include estimates of oil tax payable in Africa calculated according to the existing PSC (applicable to blocks in Africa and calculated according to the PSA); SPT (applicable to blocks in Brazil) and income taxes, according to tax laws in each country

2. Supplementary oil and gas information (not audited)

The cash flows were calculated in U.S. Dollars and translated into Euros at the average exchange rate of 2020 (1.141 EUR:USD).

			unit: €k	
		Africa	Latin America	Total
31 December 2020				
Future cash inflows		1,957,953	10,204,305	12,162,259
Future production costs		(549,758)	(3,317,375)	(3,867,133)
Future royalties		-	(1,026,979)	(1,026,979)
Future development and abandonment costs		(576,534)	(880,390)	(1,456,924)
Future net cash flow before tax		831,662	4,979,561	5,811,223
Future income tax		(156,026)	(2,806,811)	(2,962,837)
Future net cash flows		675,636	2,172,750	2,848,386
Discount factor (10%)		(545,422)	(680,212)	(1,225,634)
Standard measure of discounted future cash flows on 31 December 2019		130,213	1,492,538	1,622,752

The principles applied are those required by Topic 932 and do not reflect the expectations of the actual revenues of the reserves nor their present value, and thus do not constitute criteria for investment decision. An estimate of the fair value of reserves should also take into account, among other variables, the recovery of reserves not currently classified as proved, the risks inherent in the estimation of reserves, the expectation of future hydrocarbons price variation and the cost structure, as well as the consideration of an adequate discount factor.

3.

Galp report payments to public administrations

Under Article 245-B of the Portuguese Securities Code (following the provisions of Directive 2013/34/EU of the European Parliament and of the Council regarding annual financial statements, consolidated financial statements and related reports of certain types of undertakings, transposed into Portuguese law through Decree-Law No. 98/2015, of June 2)

1. Introduction

Galp believes that values such as accountability and good governance are reinforced by supporting the transparency of revenue flows from oil and gas activities, as such principle allows citizens to access the information they need to hold Public Administrations accountable for the way in which they use funds received through taxes and other frameworks.

Galp has worked with Public Administrations, non-governmental organisations and international agencies to increase transparency, disclosure and accountability of payments made to Public Administrations.

In addition to the Payments stated in this Report, Galp contributes to the economies of the countries in which it operates through other activities on the extractive activity side by making payments to Public Administrations

- for example in relation to activities related to the transportation, trading, manufacturing and marketing of products derived from oil and gas. Additionally, Galp contributes to the economies of the countries in which it operates by creating employment opportunities, purchasing products and services from local suppliers and undertaking social investment activities.

2. Subject

This Report provides an overview of the Payments (defined below) to Public Administrations (defined below) made by Galp Energia SGPS, S.A., and its subsidiary undertakings (hereinafter together referred to as "Galp"), covering the full year 2020, whenever such companies make payments as a result of their activities of exploration, prospection, discovery, development and extraction of oil, natural gas deposits or other materials (referred to as "Extractive activities").

3. Legislation

This report has been prepared in compliance with the provisions of Article 245-B of the Portuguese Securities Code and its contents in line with the provisions of chapter 10 of the Directive 2013/34/EU of the European Parliament and of the Council regarding the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, transposed into Portuguese law through Decree-Law No. 98/2015 of June 2 (herein together referred to as the "applicable legislation").

4. Reporting entities

This Report includes payments to Public Administrations made by Galp. Excluded from this Report are Payments made by entities over which Galp has joint control and Payments made by entities over which Galp has no operatorship.

3. Galp report payments to public administrations

5. Public administrations

For the purposes of this report, Public administrations include any national, regional or local authority of a European Union member State or of a third country, and includes any department, agency or entity that is a subsidiary thereof, which includes a national oil company.

6. Project

Payments are reported at project level except that payments that are not attributable to a specific project are reported at entity level.

A "Project" is defined as a set of operational activities which are governed by a single contract, license, lease, concession or similar legal agreement, and forms the basis for payment liabilities to a Public Administration. If such agreements are substantially interconnected, those agreements are to be treated as a single project.

For a fully integrated Project, which does not have an contractual cut off point where a value can be ascribed separately to Extractive activities and to other processing activities, payments to Public Administrations will be disclosed in full.

7. Payments

For the purposes of this Report, a Payment is an amount paid in cash or in kind under the following forms: Production Entitlements

Include the host government's share of production in the reporting period, derived from projects operated by

Galp. This includes the government's share as a sovereign entity or through its participation as an equity or interest holder in projects within its sovereign jurisdiction (home country). Production Entitlements arising from activities or interests outside of the home country are excluded.

For the year ended December 31, 2020, there were no production entitlements arising from projects Operated by Galp.

Taxes

Taxes paid by Galp on its income, profits or production (which include petroleum income tax in Angola or Corporate income Tax and Special Participation in Brazil), including those settled by a Public Administration on behalf of Galp under a tax-paid concession. Payments are reported net of refunds. Excluded from this Report are the Taxes on transactions and on consumption (including but not limited to Value Added Taxes), personal income taxes, sales taxes, and property taxes.

Royalties

These are payments for the rights to extract oil and gas resources, typically set at a percentage of revenue less any deductions that may be taken.

3. Galp report payments to public administrations

Bonuses

These are usually paid upon signing an agreement or a contract, when a commercial discovery of oil and gas is declared, or production has commenced, or another milestone has been reached.

License fees, rental fees, entry fees and other considerations for licenses and/or concessions

Taxes and other Fees paid as consideration for acquiring a license to gain access to an area where Extractive Activities are performed. Excluded from this Report are any Administrative government fees that are not specifically related to Extractive Activities, or to access extractive resources.

Infrastructure improvements

Payments which relate to the construction of infrastructure not substantially dedicated to use in Extractive Activities.

8. Other provisions operatorship

When Galp makes a Payment directly to a Public Administration arising from a Project, the full amount paid is

disclosed, even where Galp, as operator, is proportionally reimbursed by its non-operating venture partners through a billing process (cash-call).

Cash and in-kind payments

Payments are reported on a cash basis, meaning that they are reported during the period in which they are paid, as opposed to being reported on an accruals basis (which would mean that they would be reported in the period for which the liabilities arise).

Materiality level

This Report includes all types of Payments to Public Administrations, either on a single payment basis or as part of a series of related payments, provided that these are above €100,000.

Exchange rate

For the purposes of this Report, Payments made in currencies other than Euros are translated based on the annual average foreign exchange rate.

3. Galp report payments to public administrations

	Production Entitlement	Summary report (in kEuro)					
		a	b	c	d	e	f
Angola	-	15,792	-	-	-	-	15,792
Brazil	-	268,942	128,682	-	-	35	397,659
East Timor	-	-	-	-	-	-	-
Mozambique	-	-	-	-	-	-	-
Namibia	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-
São Tomé e Príncipe	-	-	-	-	-	-	-
Total	-	284,734	128,682	-	-	35	413,451

Report by Country: Angola

	Production Entitlement	Government Report (in kEuro)					
		Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
Governments							
Ministry of Finance	-	15,792	-	-	-	-	15,792
Sonangol Concessionaire	-	-	-	-	-	-	-
Sonangol E&P	-	-	-	-	-	-	-
...	-	-	-	-	-	-	-
Total	-	15,792	-	-	-	-	15,792

3. Galp report payments to public administrations

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in kEuro)
							Total
Entity level payment							
Galp Overseas Angola BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 14 BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 14k BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 32 BV - Branch	-	-	-	-	-	-	-
Galp Overseas Block 33 BV - Branch	-	-	-	-	-	-	-
Projects							
Block 14	-	1,144	-	-	-	-	1,144
Block 14k	-	236	-	-	-	-	236
Block 32	-	14,412	-	-	-	-	14,412
Block 33	-	-	-	-	-	-	-
Block LNG - Sonagas	-	-	-	-	-	-	-
Bloco 1 - Safueiro	-	-	-	-	-	-	-
Total	-	15,792	-	-	-	-	15,792

Report by Country: Brazil

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Government Report (in kEuro)
							Total
Governments							
Revenue	-	-	128,681	-	-	-	128,681
Agencia Nacional do Petroleo, Gás Natural e Biocombustiveis	-	268,943	-	-	35	-	268,978
...	-	-	-	-	-	-	-
Total	-	268,943	128,681	-	35	-	397,659

3. Galp report payments to public administrations

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in kEuro)
							Total
Entity level payment							
Petrogal Brasil, S.A.	-	-	-	-	-	-	-
Galp Energia, S.A.	-	-	-	-	-	-	-
Projects							
Block BM-S-8	-	-	-	-	-	-	-
Block BM-S-11	-	268,943	128,419	-	-	-	397,362
Block BM-S-24	-	-	-	-	-	-	-
Block POT-T-394	-	-	-	-	-	-	-
Block POT-T-395	-	-	-	-	-	-	-
Block POT-T436	-	-	-	-	-	-	-
Block POT-T-440	-	-	-	-	-	-	-
Block POT-T478	-	-	-	-	-	-	-
Block POT-T479	-	-	171	-	-	-	171
Block POT-T480	-	-	-	-	-	-	-
Block POT-T-484	-	-	-	-	-	-	-
Block SEAL-T-412	-	-	-	-	18	-	18
Block SEAL-T-429	-	-	91	-	17	-	108
Block POT-M-663	-	-	-	-	-	-	-
Block POT-M-665	-	-	-	-	-	-	-
Block POT-M-760	-	-	-	-	-	-	-
Block POT-T-447	-	-	-	-	-	-	-
Block POT-M-853	-	-	-	-	-	-	-
Block POT-T-563	-	-	-	-	-	-	-
Block POT-T-608	-	-	-	-	-	-	-

3. Galp report payments to public administrations

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in kEuro)
							Total
Block POT-T-743	-	-	-	-	-	-	-
Block POT-M-855	-	-	-	-	-	-	-
Block PEPB-M-783	-	-	-	-	-	-	-
Block PEPB-M-839	-	-	-	-	-	-	-
Block BAR-M-300	-	-	-	-	-	-	-
Block BAR-M-342	-	-	-	-	-	-	-
Block BAR-M-344	-	-	-	-	-	-	-
Block BAR-M-388	-	-	-	-	-	-	-
Block PN-T-150	-	-	-	-	-	-	-
Block PN-T-166	-	-	-	-	-	-	-
Block POT-M-764	-	-	-	-	-	-	-
Block PN-T-136	-	-	-	-	-	-	-
Block PN-T-182	-	-	-	-	-	-	-
Block Carcara Norte	-	-	-	-	-	-	-
Block UIRAPURU	-	-	-	-	-	-	-
Block C-M-71	-	-	-	-	-	-	-
Total	-	268,943	128,681	-	35	-	397,659

3. Galp report payments to public administrations

Report by Country: Namibia

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Government Report (in kEuro)
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Ministry of Mines and Energy	-	-	-	-	-	-	-
Sonangol E&P	-	-	-	-	-	-	-
...	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in kEuro)
Entity level payment							
Windhoek PEL 23 BV - Branch	-	-	-	-	-	-	-
Windhoek PEL 24 BV - Branch	-	-	-	-	-	-	-
Projects							
Block 2112B	-	-	-	-	-	-	-
Block 2212A	-	-	-	-	-	-	-
Block 2813A	-	-	-	-	-	-	-
Block 2814B	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3. Galp report payments to public administrations

Report by Country: São Tomé and Príncipe

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Government Report (in kEuro)
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Projects	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in kEuro)
Entity level payment							
Galp Energia São Tomé e Príncipe, Lda.	-	-	-	-	-	-	-
Projects							
Block 6	-	-	-	-	-	-	-
Block 5	-	-	-	-	-	-	-
Block 11	-	-	-	-	-	-	-
Block 12	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3. Galp report payments to public administrations

Report by Country: Mozambique

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Government Report (in Euro)
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in Euro)
Entity level payment							
Area 4	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Report by Country: East Timor

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Government Report (in Euro)
Governments							
Ministry of Finance	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

3. Galp report payments to public administrations

	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Project Report (in Euro)
							Total
Entity level payment							
Bloco E	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

4.

Statement of compliance by the members of the board of directors

Under the terms and for the purposes of Article 245, first paragraph, item c) of the Portuguese Securities Code, each of the below-mentioned members of the Board of Directors declares that, to the fullest extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts and any further accounting documents regarding the year of 2020 were prepared in compliance with the applicable accounting rules, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp and the companies included in the consolidation, and the management report provides a fair view of the development of the business, and of the performance and position of Galp and the companies included in the consolidation, and provides a description of the main risks and uncertainties faced by Galp and the companies included in the consolidation in the course of their operations.

Lisbon, March 19, 2021.

The board of directors

Chairman

Paula Amorim

Vice-chairmen:

Miguel Athayde Marques
Andrew Brown

Members

Filipe Crisóstomo Silva
Thore E. Kristiansen
Carlos Costa Pina
José Carlos Silva
Sofia Tenreiro
Susana Quintana-Plaza
Marta Amorim
Francisco Teixeira Rêgo
Carlos Pinto
Luis Todo Bom
Jorge Seabra de Freitas
Rui Paulo Gonçalves
Diogo Tavares
Edmar de Almeida
Cristina Fonseca
Adolfo Mesquita Nunes

5.

Report and opinion of the audit board

Audit Board's opinion

Dear Shareholders,

According to the legislation in force and the Company's By-laws, and under our mandate, we hereby present our opinion on the Management Integrated Annual Report that includes the Corporate Governance Report, the non-financial information, the individual and consolidated financial statements and the proposed allocation of net profits presented by the Board of Directors of Galp Energia SGPS, S.A., with regard to the year ended 31 December 2020.

We have met several times with the Statutory Auditor/External Auditor, monitoring the performance of their supervising role.

We have monitored the process of preparation and disclosure of financial statements, as well as the legal certification of the accounts, with particular emphasis on the effects and challenges resulting from the context of the pandemic caused by Covid-19 on financial reporting, taking into consideration the circular to the supervisory bodies of CMVM public interest entities dated December 18, 2020 on the audit work associated with the closing of accounts for the 2020 financial year, in the context of uncertainty and new challenges caused by the Covid-19 pandemic.

We have verified and supervised the independence of the Statutory Auditor/External Auditor, in compliance with the applicable law, in particular verifying the adequacy and approving the provision of non-audit services.

We have reviewed the legal certification of the accounts of the Statutory Auditor and the External Auditor's audit report on the individual and consolidated accounts for the year 2020 and identified no exceptions.

Under the terms and for the purposes of Article 245, first paragraph, item c) of the Portuguese Securities Code and Article 420, the sixth paragraph of the Companies Portuguese Code, each of the below indicated members of the Audit Board declares that, to the extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts, the audit report and any further accounting documents regarding the year of 2020 were prepared in compliance with the applicable accounting rules and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp and the companies included in the consolidation. It also states that, to the best of its knowledge the management report includes a fair view of the development of the business and the performance and position of Galp and the companies included in the consolidation, and includes a description of the main risks and uncertainties faced by Galp and the companies included in the consolidation in their operations.

Under the scope of our term, we have verified, and further fully declare of our knowledge, that:

- a) The accounting principles and the metrical criteria are in line with IFRS, as adopted by the European Union, and are adequate as to ensure an accurate representation of the assets and results of both the Company and the other companies included in the consolidation;
- b) The corporate governance chapter of the management report regarding the year of 2020 includes all the information required by Article 245-A of the Portuguese Securities Code.

Accordingly, taking into consideration the information received from the Board of Directors and of the departments of the Company, as well as the conclusions set out in the legal certification of the accounts and the audit report on the individual and consolidated financial statements, we

5. Report and opinion of the audit board

express our agreement with the management report, the individual and consolidated financial statements and the proposal of the application of net profits for the financial year 2020 of Galp Energia, SGPS, S.A. namely taking into account the provisions of Article 32 of the Companies Portuguese Code, so we are of the opinion that there is nothing to hinder their approval at a General Shareholders' Meeting.

Lastly, the Audit Board wishes to express its gratitude to the Board of Directors and to the Executive Committee of Galp Energia, SGPS, S.A., whose continuing cooperation has greatly facilitated the exercise of the Audit Board's duties.

Lisbon, 19 March 2021.

Chairman

José Pereira Alves

Members

Fátima Castanheira Geda
Pedro Antunes de Almeida

5. Report and opinion of the audit board

Annual activity report of the audit board for the financial year 2020

In accordance with paragraph 1 item g) of Article 420 of the Portuguese Commercial Companies Code (Código das Sociedades Comerciais [CSC]) and of paragraph 1 item g) of Article 8 of the regulations of the Audit Board of Galp Energia, SGPS, S.A. (hereinafter referred to as Galp or the Company), the Audit Board hereby presents its report on the supervisory activities performed during 2020.

I. Introduction

According to the corporate governance model implemented by Galp, which consists of the Latin model set out in paragraph 1 item a) of Article 278 and paragraph 1 b) of Article 413, both from the Portuguese Companies Code, the Audit Board is responsible for supervising the Company's activities.

The current Audit Board in office was elected at the general shareholders' meeting held on 12 April 2019, for the 2019-2022 term of office, being composed by three independent members in view of the criteria set out in paragraph 5 of Article 414 of the CSC.

All members of the Audit Board meet the compatibility criteria for the performance of their duties as laid down in paragraph 1 of Article 414-A of the CSC.

The main duties of the Audit Board stemming from the applicable legislation and the respective regulations refer to the following key areas:

- a) continuous monitoring of the Company's activities, monitoring compliance with the law and Bylaws, and overseeing the Company's management;
- b) monitoring compliance with accounting policies and practices, as well as the preparation and disclosure of financial information, and supervising the review/audit of the Company's accounting documents;
- c) monitoring the effectiveness of the systems of risk management, internal control, compliance and internal audit, assessing the internal control and audit procedures and any issues that arise directing the recommendations as it may deem fit;
- d) monitoring and evaluating the corporate governance system;
- e) receiving and dealing with communications of irregularities presented by the Company's employees and other stakeholders;
- f) annually assess the activity of the Company's statutory auditor/auditor;
- g) Monitoring the independence of the statutory auditor/auditor, especially in regarding the provision of additional services.

II. Activities performed by the audit board in relation to the financial year 2020

In the course of its duties, the Audit Board had access to all information relating to the Company and its collaborators, which enabled the appraisal of the performance, current situation and the further development

5. Report and opinion of the audit board

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

During 2020, the Audit Board, elected at the General Meeting on April 12, 2019, held 15 meetings and implemented various measures in the course of its duties, of which the following are highlighted:

1. Continuous monitoring of the Company's activity, monitoring compliance with the law and the Company's By-laws, and overseeing the Company's management

Ongoing monitoring of the Company during 2020 was undertaken, in particular, through meetings with the heads of Galp's central corporate divisions, most regularly the Internal Audit Department, the Risk Management Department and the Legal & Governance Department. Further, the Audit Board met with the CEO and the CFO.

The Audit Board met also regularly with the Statutory Auditor/Auditor and the head of the Accounting, Tax and Internal Control Department, to analyze the Company's accounts and internal control matters, in particular financial reporting.

Further, during 2020, the Audit Board attended the all meetings of the Board of Directors where the company's accounts were analysed, the strategic lines of Galp were debated and updated, the budget for 2021 was approved and the business plan for 2021-2025, the objectives and levels related to risk-taking were defined, as well as, the works developed by its committees were presented.

At the Board of Directors' meeting that took place on December 18, 2020, the Audit Board gave favourable opinions on the strategic guidelines and risk management policy approved by the by the Board of

Directors on that date, as well as on risk analysis conducted by the Risk Management Department and the risk appetite statement underlying the Group's 2021-2025 Business Plan.

The access of the Audit Board to the members of the Board of Directors and the Executive Committee, to employees and to the relevant documents of the Galp group's activity was carried out regularly and without constraints, contributing to the inspection of the company, showing an adequate relationship between the Board Directors, the Executive Committee and the Audit Board.

The Audit Board participated in June and September in workshops held by the Board of Directors, aimed at the debate and strategic update, which enabled an enriching and innovative reflection on the strategic lines for the coming years.

2. Monitoring compliance with the accounting policies and practices and with the requirements for the preparation and disclosure of financial information and for the statutory audit of the accounts

The Audit Board monitored the accounting policies, criteria and practices and the reliability of the financial information, based on the information received from the Accounts Department and the reports of the Statutory Auditor/Auditor, on the consideration of quarterly and annual accounts and on an appraisal of the findings of the audits and of the evaluation procedures performed during the year by the Statutory Auditor/ Auditor.

The Audit Board reviewed the documents relating to the 2020 audit and the legal certification of the accounts and issued a favourable opinion thereupon.

5. Report and opinion of the audit board

3. Monitoring and supervising of the effectiveness of the internal control system

During 2020, the Audit Board carried out various actions aimed at monitoring, supervising and evaluating the work and adequacy of Galp's internal control, risk management and internal audit system, either based on the reporting of information by the Internal Audit, Risk Management departments and Internal Control unit, or using the internal control report issued by the External Auditor.

Having been requested to give its opinion on the proposed internal rule on the governance model of internal control over Galp's financial reporting and on the proposed revision of Galp's Internal Control Manual, the Audit Board decided to approve both.

4. Monitoring and supervising the effectiveness of the risk management system

During 2020, the Audit Board carried out several actions to monitor, supervise and assess the functioning and adequacy of the risk management system, through the quarterly reporting of information by the Risk Management Department, having monitored, in particular, the measures taken by Galp under the Covid-19 impact and those related to the incident in the trading operations of unauthorised CO₂ licenses with impact on the accounts, and became aware of events in the area of cybersecurity, the recommendations of the Risk Management Committee and the top risks.

As part of its supervisory duties, the Audit Board was also charged with supervising the implementation by the Company of the principles and policies for the identification and management of key financial and

operational risks associated with Galp's business, as well as reviewing the measures in place to monitor, control and disclose the risks, in accordance with the objectives established by the Board of Directors, in particular those resulting from the Covid-19 pandemic.

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

At the Board of Directors' meeting that took place on December 18, 2020, the Audit Board expressed its opinion on the strategic guidelines and the risk management policy implemented at Galp, considering it adequate for the Group's risk level, and issued a favourable opinion on the risk analysis conducted by the Risk Management Department and the risk appetite statement underlying the Group's 2021-2025 Business Plan, approved by the Board of Directors on that same date.

Having been requested to give an opinion on the internal rule proposal regarding Galp's risk management governance model, the Audit Board decided to approve it.

5. Monitoring and supervising the effectiveness of the internal audit system

The Audit Board supervised the activity carried out by the Internal Audit Department during 2020, through monthly monitoring of the execution of the respective annual audit activities plan approved by the Audit Board, of the audit work carried out and the information on the allocation of resources, having received from this Department monthly reports on the status of the issued recommendations and audits carried out.

5. Report and opinion of the audit board

The Audit Board provided input to the performance evaluation of the Internal Audit Department concerning 2020.

The Internal Audit Department verified that the risk management, internal control and internal audit systems were functioning properly, and assessed the effectiveness and efficiency of the implementation of controls and mitigation systems. These activities were carried out independently and systematically, and the most significant comments and recommendations were brought to the attention of the Audit Board, together with opportunities for improvement and corrective measures.

The Audit Board also believe that the Internal Audit Department's plan of activities, assessment of the system of internal control and the use of the resources allocated was performed efficiently and in compliance with the established procedures.

The Chairman of the Audit Board attended the meeting of the Audit Committee held on November 19, 2020, as part of the presentation of the Annual Audit Plan for 2020.

6. Monitoring the performance of the corporate governance system

During 2020, the Audit Board monitored the performance of the corporate governance system and its compliance with legal rules, regulations and bylaws, and monitored legislative and regulatory developments in matters of corporate governance, namely through the quarterly participation of the head of the Legal & Governance Department in the meetings of the Audit Board.

Also in the context of monitoring corporate governance matters, the Audit Board analysed the Corporate Governance Report for the 2020

financial year, having confirmed that this report includes the elements provided for in Article 245-A of the Securities Code and in Regulation no. 4/2013 of the Portuguese Securities Market Commission.

At its meeting of March 11, 2021, the Audit Board assessed the functioning of the Board of Directors and its committees during 2020, as well as the relationship between the company's bodies and committees, as defined in article 9(2)(j) of the Audit Board Regulation.

7. Monitoring and supervising the effectiveness of the compliance system

The Audit Board became aware of the execution of the work in the compliance area provided for in the plan and approved the annual plan of compliance activities for the next year presented by the Department of Legal Affairs and Governance, also obtaining information on the allocation of resources to compliance services.

8. Annual monitoring and assessment of the activity of the Company's External Auditor

The Audit Board, at its meeting on March 11, 2021, carried out the annual performance assessment of the External Auditor's activity, with reference to 2020, pursuant to Article 8(1)(q) and (2)(c) of the Regulations of the Audit Board.

The Auditor's services were provided in accordance with the defined work plan, having complied with the applicable rules and regulations and revealed in its performance technical rigor and quality, opportunity and efficiency in the conclusions and recommendations presented.

5. Report and opinion of the audit board

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

During 2020, the Auditor was present at 7 meetings held by the Audit Board, in which company accounts and the identified audit risks were analysed, internal control issues were debated, the annual audit plan for 2020 was reviewed and the main audit points and recommendations reported were discussed with the Auditor.

The Audit Board exercised its function as the Company's interlocutor with the Statutory Auditor/Auditor and the recipient of the information prepared by him, regularly monitoring his activity, namely through the assessment of reports and documentation produced by him in the performance of his duties.

The Audit Board ensured that the Auditor was provided with the information and other conditions appropriate to the effective performance of its activity.

As part of verifying the External Auditor's compliance with the rules regarding independence, the Audit Board monitored, during 2020, the provision of non-audit services, for which a prior opinion of the Audit Board is necessary, having analysed compliance the Auditor's independence requirements, the possibility of any services provided by the Auditor and their inclusion in the legally established criteria, having confirmed that his independence was safeguarded.

Bearing in mind that the External Auditor's term began in 2019, the limit of 70% established by Article 4 (2) of EU Regulation No. 537/2014 (European Audit Regulation) is not applicable. In any case, it should be noted that in 2019 the distinct audit services represented 25% of the

average fees paid to the Auditor in 2020 for the financial audit services provided to Galp and the entities under Galp's control in the same period (below) the limit of 70% established by Article 4 (2) of EU Regulation 537/2014).

9. Company's transactions with related parties

During the year of 2020 no transaction made with related parties was subject to prior opinion of the Audit Board.

The Audit Board gave its favourable opinion to the revision of the 2018 internal rule on related party transactions in force, presented by the Legal & Governance Department, following the publication of Law no. 50/2020 of 7 August, which transposed Directive EU 2017/828 on the rights of shareholders of listed companies, by amending the Securities Code.

10. Reporting irregularities

In accordance with best corporate governance practice and the applicable market rules, as well as with the principles of fairness, correctness, honesty, transparency and integrity on the basis of which Galp conducts its business, the Galp Irregularity Reporting - Ethics Line Procedure, available on its website and through the Company intranet, governs the mechanism for reporting to the Audit Board, through Galp's Committee of Ethics and Conduct, any alleged irregularities or breaches of the Code of Ethics or the rules that constitute it or that deal with related matters in the fields of accounting, internal control, auditing, anti-corruption and banking and financial crime occurring at Galp Group companies.

5. Report and opinion of the audit board

In the course of 2020, Galp's Committee of Ethics and Conduct held periodic meetings with the Audit Board to report any communications received and assess which of these to escalate.

As part of the fulfillment of the reporting obligation provided for in point 8 of Galp's Committee of Ethics and Conduct Regulations, this Committee presented to the Audit Board the annual report on the communications received in 2020, the procedures adopted and any actions/measures proposed.

Lisbon, 19 March 2021.

Chairman

José Pereira Alves

Members

Maria Fátima Geadá
Pedro Antunes de Almeida

6.

Independent report about sustainability information



Independent Assurance Report

(Free translation from the original in Portuguese)

To the Board of Directors

Introduction

We were engaged by the Board of Directors of Galp Energia, SGPS, S.A. ("Galp" or "Company") to perform a reasonable assurance engagement on the indicator identified below in the section "Responsibilities of the auditor" and a limited assurance engagement on the sustainability information also mentioned in that section, which integrate the sustainability information included in the Integrated Management Report 2020 ("Report"), for the year ended in December 31, 2020, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities of the Board of Directors

It is the responsibility of the Board of Directors to prepare the sustainability information identified below in the section "Responsibilities of the auditor", included in the Integrated Management Report 2020, in accordance with the sustainability reporting guidelines "Global Reporting Initiative" version GRI Standards and with the instructions and criteria disclosed in the Integrated Management Report 2020, and the maintenance of an appropriate system of internal control to enable the adequately preparation of the mentioned information.

Responsibilities of the auditor

Our responsibility is to issue an assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and we have fulfilled other technical standards and recommendations issued by the Institute of Statutory Auditors. These standards require that we plan and perform our work to obtain:

- a) reasonable assurance on whether Galp's Carbon Footprint 2020 (scopes 1 and 2); and
- b) limited assurance on whether the remaining sustainability information 2020 (GRI indicators), is free from material misstatement.

Our limited assurance engagement also consisted in carrying out procedures with the objective of obtaining a limited level of assurance as to whether the Company applied, in the sustainability information included in the Integrated Management Report 2020, the GRI Standards guidelines.

For this purpose the above mentioned work included:

- (i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;

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- (ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;
- (iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;
- (iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;
- (v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
- (vi) Comparison of financial and economic data included in the sustainability information with the data audited by the external financial auditor, in the scope of the audit of Galp's financial statements for the year ended in December 31, 2020;
- (vii) Analysis of the process for defining the materiality of the sustainability issues, based on the materiality principle of GRI Standards, according to methodology described by the Company in the Report;
- (viii) Verification that the sustainability information included in the Report complies with the requirements of GRI Standards.

In addition, for the purpose of reasonable assurance work, we performed analytical and substantive tests, and based on defined materiality criteria we have verified the adequate application of reporting criteria defined by Company in the Carbon Footprint 2020 calculation, disclosed in the Integrated Management Report 2020.

In the limited assurance work, the procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

We believe that the procedures performed provide an acceptable basis for our conclusion.

Quality control and independence

We apply the International Standard on Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion on the reasonable assurance work

Based on the work performed, it is our opinion that the Galp's Carbon Footprint 2020 (scopes 1 and 2), identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2020, for the year ended in December 31, 2020, was prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it.

Independent Assurance Report
December 31, 2020

Galp Energia, SGPS, S.A.
PwC 2 de 3

6. Independent report about sustainability information

Conclusion on the limited assurance work

Based on the work performed, nothing has come to our attention that causes us to believe that the remaining sustainability information, identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2020, for the year ended in December 31, 2020, was not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it, and that Galp has not applied, in the sustainability information included in the Integrated Management Report 2020, the GRI Standards, for the option "In accordance - Comprehensive".

Restriction on distribution and use

This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating the annual sustainability performance in the Integrated Management Report 2020 and should not be used for any other purpose. We will not assume any responsibility to third parties other than Galp by our work and the conclusions expressed in this report, which will be attached to the Company's Integrated Management Report 2020.

March 19, 2021

PricewaterhouseCoopers & Associados
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represented by:

Ana Maria Ávila de Oliveira Lopes Bertão, R.O.C.
(This is a translation, not to be signed)

Independent Assurance Report
December 31, 2020

Galp Energia, SGPS, S.A.
PwC 9 de 3

1. Consolidates non-financial information
2. Supplementary oil and gas information (not audited)
3. Galp report 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**
7. Glossary and abbreviations

7.

Glossary and abbreviations

Glossary

Absenteeism

Ratio between the number of working hours lost by absence and the maximum potential of working hours (number of employees x 21 days x 11 months x 8 hours).

API density

Density expressed in API degrees, defined by the American Petroleum Institute by means of the following formula: $API^{\circ} = (141.5/g) - 131.5$, where g is the density of the oil to 60°F (15.6 °C). This is the formula that is internationally used to establish the density of crude oil. The greater the API density, the lighter the crude oil.

Atmospheric distillation

Distillation of crude oil effected under atmospheric pressure, from which oil product fractions are produced (light oil, heavy oil, diesel fuels, and heavy products, for example). After suitable treatment, these fractions are the components of the finished products.

CO₂

Carbon dioxide, colourless gas that is heavier than air, this being one of its natural components. Produced by certain natural processes, such as the carbon cycle, and by the complete burning contained in fossil fuels.

Cogeneration

Power generation technology that allows the combined production of heat and electricity. The advantage of cogeneration is the capacity it has to take double advantage of the heat produced by burning the fuel for the generation of thermal energy for the generation of electricity. This process allows the same installation to comply with the heat (hot water or steam) and electricity needs of both industrial clients and urban settlements. This system improves the energy efficiency of the generation process and reduces use of the fuel.

Complexity

The complexity of a refinery lies in its capacity to process crude oil and other raw materials and is measured by means of the complexity index, calculated separately by different organisations within the sector, such as energy sector consultants 360 Strategic execution Energy for a changing world To our stakeholders Strategic framework Solomon Associates and Nelson. A refinery's complexity index is calculated by attributing a complexity factor to each one of the refinery's units, which is based above all on the level of technology used in the construction of the unit, taking as a reference a crude oil primary distillation installation to which is attributed a complexity factor of 1.0. The complexity index of each unit is calculated by the multiplication of the complexity factor with the unit's capacity. The complexity of a refinery is equivalent to the weighted average of the complexity index of each one of its units, including the distillation units. A refinery with a complexity index of 10.0 is considered to be 10 times more complex than a refinery equipped with just crude oil atmospheric distillation, for the same quality of processed product. Contingent resources

7. Glossary and abbreviations

These are quantities of oil that are estimated on a given date to be potentially recoverable from known accumulations but are not currently considered to be commercially recoverable. This may happen for a variety of reasons. For example, maturity issues (the discovery needs further appraisal in order to firm up the elements of the development plan); technological issues (new technology needs to be developed and tested for commercial production); or market-driven issues (sales contracts are not yet in place or the infrastructure needs to be developed in order to get the product to market). 2C contingent resources are those that are calculated based on the best estimate, while 3C resources correspond to the highest estimate, thus reflecting a larger level of uncertainty. Volumes that fall into this category cannot be referred to as reserves.

Conversion

Set of various treatments (catalytic or thermal) where the principal reaction is effected on the carbon connections, with this having the possibility of being more or less deep due to the conditions imposed. This process is typically associated with the conversion of fuel oils in lesser fractions (diesel, gasoline and gases) and fuel oils that are more sophisticated from the perspective of their use. In a modern refinery, these processes have assumed a growing importance.

Cracking

Transformation through a breaking down of the hydrocarbon molecules in long chains, with the objective of obtaining hydrocarbon molecules in shorter chains, thus increasing the proportion of lighter and more volatile products. Distinguishing between thermal cracking and catalytic cracking. Thermal cracking is only caused by the actions of heat and pressure. Catalytic cracking uses catalysts that, at the same

temperature, allow a deeper and more selective transformation of fractions that could be heavier.

Dated Brent

Price of shipments of Brent oil as announced by the price fixing agencies. This is the reference price for the vast majority of crude oils sold in Europe, Africa and the Middle East, and is one of the most important references for the prices on the spot market. Dated Brent oil is the light crude oil from the North Sea that, since July 2006, has included the Forties and Oseberg branches. The crude mix has an average API density of approximately 38.9°.

Diesel

A mix of liquid hydrocarbons destined for feeding compression ignition engines (Diesel cycle). The behaviour of diesel fuel depends on the temperatures at which it is used.

Distillation

A method for separating (liquid or solid) substances by evaporation followed by condensation. Distillation may take place under atmospheric pressure or in a vacuum, depending on what products are desired. This process produces distillates.

Emissions

Release of gases into the atmosphere. Within the context of climate change, the emissions include the release of greenhouse gases (GHG). A typical example is the release of CO₂ during the combusting of fuels.

7. Glossary and abbreviations

Direct emissions (A1)

GHG emissions from sources that are owned or controlled by the company. This category includes emissions from combustion in boilers or furnaces located in facilities owned by the company or the fuel combustion from company's fleet vehicles, among others.

Indirect emissions (A2)

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

Indirect emissions (A3)

GHG emissions are an indirect consequence of the activities of the company but occur from sources not owned or controlled by the company. This category includes emissions from activities related to the use of sold products, transportation, business travels, and logistics, among others.

FPSO

A floating, production, storage and offloading unit is a floating oil production system, built on a ship structure, with a capacity for oil and natural gas production processing, liquid storage and transfer of oil to tankers.

FLNG

Floating natural gas liquefaction system, built on a ship structure, with a capacity for production, liquefaction and storage of liquefied natural gas. The stored product is exported through the transfer to LNG vessels.

Fuel oil

A mix of hydrocarbons destined to be burnt in a furnace or boiler for the generation of heat or used in an engine for the generation of power. There are various types of fuel oil, due to its viscosity, which conditions their use.

Gasoline

Fuel for automobiles equipped with motors that use the Otto cycle. This should comply with precise specifications concerning its physical and chemical qualities, of which the most important is resistance to self-inflammation.

Hydrocracking

Process of cracking with the use of hydrogen and under the action of catalysts that allows the conversion of less valuable, highboiling-point oil fractions into lighter, more valuable fractions. The hydrogen allows working at lower temperatures and greater selectivity and, therefore, produces better results. The products from the reaction are saturated compounds, which provide them with important stability qualities.

Jet fuel

Fuel for jet motors used in aviation

Liquefied natural gas (LNG)

Natural gas that is changed into its liquid state to enable transportation. Liquefaction is performed by a reduction in the temperature of the gas,

7. Glossary and abbreviations

to atmospheric pressure, to amounts of less than -160°C. The volume of the LNG is approximately 1/600 of the volume of natural gas.

Liquefied Petroleum Gas (LPG)

Gaseous hydrocarbons, under normal conditions of temperature and pressure, and liquids, by raising the pressure or reduction of temperature, which can legally be transported and stored. The most common are propane and butane.

Lubricants

Products obtained by mixing one or more base oils and additives. This process obeys specific formulas due to the use of the lubricant. The percentage of additives in the lubricating oils reaches 40%. The lubricating oils have three main uses: automobiles, industry and marine.

Naphtha

Oil product fraction that is located between gases and oil. This is also a raw material in the petrochemical industry, from which cracking provides a large variety of products. This can also form part of the composition of engine gasoline (light naphtha) or, in the case of heavy naphtha, serve as a raw material for the production of reformate.

Natural gas

Mix of light hydrocarbons found in the subsoil, in which methane is present at a percentage of more than 70% volume. The composition of natural gas may vary depending upon the field in which it is produced and the processes of production, conditioning, processing and transport.

Net entitlement production

The production percentage of the rights for the exploration and production of hydrocarbons in a concession following production-sharing agreements.

Prospective resources

Quantities of oil that have, on a certain date, been estimated as potentially recoverable from undiscovered accumulations through future development projects. The estimation of a prospect's resources is subject to both commercial and technological uncertainties. Risked mean estimates prospective resources have a higher implied recovery probability than unrisked mean estimate resources. The quantities classified as prospective resources cannot be classified as contingent resources or reserves.

Proven reserves (1P)

Under the definitions approved by the SPE and the WPC, proven reserves are those quantities of oil which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and government regulations.

If deterministic methods are used, the expression "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The definition of current economic conditions should include relevant historical oil prices and associated costs. In

7. Glossary and abbreviations

general, reserves are considered proven if the commercial productivity of the reservoir is supported by actual production or formation tests. In this context, the term "proven" refers to the actual quantities of oil reserves and not just the productivity of the well or reservoir. The area of the reservoir considered as proven includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) the undrilled portions of the reservoir that can reasonably be judged as commercially productive on the basis of available geological and engineering data. Reserves may be classified as proven if facilities to process and transport those reserves to market are operational at the time of the estimate or there is a reasonable expectation that such facilities will be installed.

Proven and probable reserves (2P)

2P reserves correspond to the sum of proven (1P) and probable reserves. Under the definitions approved by the SPE and the WPC, probable reserves are a category of unproven reserves. Unproven reserves are based on geological or engineering data similar to those used in estimates of proven reserves but in relation to which technical, contractual, economic or regulatory uncertainties preclude such reserves from being classified as proven. Probable reserves are those quantities of oil that, by analysis of geological and engineering data, have a lower probability of being recovered than the proven reserves, but higher than the possible reserves.

If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the 2P estimate.

Proven, probable and possible reserves (3P)

3P reserves correspond to the sum of proven, probable and possible reserves. Under the definition approved by the SPE and the WPC, possible reserves are a category of unproven reserves. Unproven reserves are based on geological or engineering data similar to those used in estimates of proven reserves but in relation to which technical, contractual, economic or regulatory uncertainties preclude such reserves from being classified as proven. Possible reserves have a lower probability of being recovered than probable reserves. If probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the 3P estimate.

Refinery

The installation where the industrial processes designed to transfer the crude oil into products adapted to the needs of the consumers (fuels, lubricants, bitumen, etc.) or into raw materials for other so-called "second generation" industries (for example, the petrochemical industry).

Renewable energy

Energy that is available from permanent and natural energy conversion processes and is economically exploitable under present conditions or in the foreseeable future.

Replacement Cost (RC)

According to this method, the cost of goods sold is valued at the cost of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by the

7. Glossary and abbreviations

Portuguese IFRS and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

Replacement Cost Adjusted (RCA)

In addition to using the replacement cost method, RCA items exclude non-recurring events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its regular operational performance.

Seismic

Seismic acquisition involves the generation (source) and recording (receiver) of seismic data. A source, such as a vibrator unit, dynamite shot, or an air gun, generates acoustic or elastic waves that travel into the Earth, pass through strata with different seismic responses and filtering effects, and return to the surface to be recorded as seismic data. The receiver may include different configurations, including laying geophones or seismometers on the surface of the Earth or seafloor, pulling hydrophones behind a marine seismic vessel, suspending hydrophones vertically in the sea or placing geophones in a wellbore (as in a vertical seismic profile) to record the seismic signal.

Social Return on Investment (SROI)

Cost-benefit analysis of the social value generated by the intervention of an organisation. This social impact assessment tool compares the social value generated by the intervention with the necessary expense for this benefit through a ratio between the net present value of the benefits and the net present value of the investment.

Solar energy

Renewed and sustainable energy source, proven by the sun's light and heat, which is harnessed and used by means of different technologies, mainly as solar heating, solar photovoltaic energy, heliothermic energy and solar architecture.

Spot market

The name, relating to products such as oil, used to describe the international commerce of products shipped in single cargos, such as crude oil, the prices of which closely follow the respective demand and availability.

Storage facility

Installation used by principal and collector pipeline companies, producers of crude oil, and terminal operators (except refineries) for storage of crude oil and oil products.

Wind farm

Group of wind turbines for the production of electrical energy interlinked by a common network by means of a system of transformers, distribution lines and, usually, a substation. The functions of exploration, control and maintenance are normally centralised by means of a monitored IT system, which is complemented by visual inspections.

Wind power

Kinetic energy – that is, energy that is generated by movement that is obtained by displacement of the air, or in other words, wind. This can be

7. Glossary and abbreviations

converted into mechanical energy for the enactment of pumps, mills and electrical energy generators.

Working interest production

The production percentage of the rights for exploration and production of hydrocarbons in a concession before the effect of production-sharing agreements.

7. Glossary and abbreviations

Abbreviations and acronyms

%: percentage

@: at

3D: three dimensions

4D: four dimensions

oC: Celsius

ACS: Actividades de Construcción Y Servicios S.A.

ACT: Assessing Low-Carbon Transition initiative

AIP: Production Individualisation Agreements

AGM: Annual General Shareholders' Meeting

AI: artificial intelligence

Amorim Energia: Amorim Energia, B.V.

APCER: Associação Portuguesa de Certificação (Portuguese Association of Certification)

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

ANPG: Agência Nacional de Petróleo, Gás e Biocombustíveis (Angolan energy sector regulator)

ANP-SPT: National Petroleum Agency of São Tomé and Príncipe

APEE: The Association of Private Enterprise Education

API: American Petroleum Institute gravity

B2B: Business to Business

B2C: Business to Consumer

b.p.: basis points

bbl: barrel of oil

BBLT: Benguela, Belize, Lobito and Tomboco

bcm: billion cubic metres

BCSD: Business Council for Sustainable Development

BGI: Building Global Innovators

BIOREF: Collaborative Laboratory for Biorefineries

bn: billion

BoD: Board of Directors

boe: barrel of oil equivalent

7. Glossary and abbreviations

BRL (or R\$): brazilian reais

BSEE: Bureau of Safety and Environmental Enforcement

BU: Business Units

c.: circa

C&L: consumptions and losses

CCS: carbon capture and storage

CCUS: carbon capture, utilisation and storage

CDP: Carbon Disclosure Project

CEC: Ethics and Conduct Committee

CEO: chief executive officer

CESE: Energy Sector Extraordinary Contribution (Portugal)

CFFO: cash flow from operations

CFO: chief financial officer

CGA: Cognitive Geoscience Advisor

CGR: condensate to gas ratio

CGU: cash generating unit

CH₄: methane

CITE: Comissão para a Igualdade no Trabalho e no Emprego
(Commission for Equality in Labour and Employment)

CLC: Companhia Logística de Combustíveis, S.A.

CLC GB: Companhia Logística de Combustíveis Guiné Bissau, S.A.

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

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

CNG: compressed natural gas

CNPD: Comissão Nacional de Proteção de Dados

CO₂: carbon dioxide

CO₂e: carbon dioxide equivalent

COFINS: contribution to social security financing

CONCAWE: Conservation of Clean Air and Water in Europe

COO: chief operating officer

COSO: Committee of Sponsoring Organisations of the Treadway
Commission

CRO: chief risk officer

7. Glossary and abbreviations

CSC: Commercial Law (Código das Sociedades Comerciais)

CSIRT: CyberSecurity Incident Response Team

CTA: cumulative translation adjustment

CTI: Circular Transition Indicators

CURG: last-resort wholesaler distributors

CURR: last-resort retailers marketers

CVM: Portuguese securities code

CWT: complexity weighted tonne

d: day

DCF: discounted cash flow

DD&A: Depreciation, Depletion, and Amortization

DGS: Direção Geral de Saúde (portuguese national health entity)

DJSI: Dow Jones Sustainability Index

DSIC: Dalian Shipbuilding Industry Corporation

DST: drill stem test

DSU: debt service undertaking

E: Estimate

E&P: Exploration & Production

Ebit: earnings before interest and taxes

Ebitda: earnings before interest, taxes, depreciation and amortisation

EC: Executive Committee

EDP: Energias de Portugal, S.A.

EEZ - Exclusive Economic Zone

EI: Energia Independente

EIA: environmental impact assessment

EIP: European Impact Partners

EIT: European Institute of Innovation & Technology

EMPL: Europe-Maghreb Pipeline

EMTN: Euro Medium Term Note

EMV: Expected Monetary Value

ENH: Empresa Nacional de Hidrocarbonetos (National hydrocarbons company of Mozambique)

Eni: Eni, S.p.A.

7. Glossary and abbreviations

EQS: Environment, Quality and Safety

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

ERU: emission reduction units

ESCO: energy service company

ESG: Environmental, social and governance

ESHIA: Environmental, Social and Health Impact Assessment

ESIAs: Environmental and Social Impact Assessments

EU: European Union

EU ETS: European Union Emissions Trading System

EUA: emission unit allowances

EUR (or €): Euro

EV: Electric Vehicles

EWT: extended well test

FAME: fatty acid methyl ester

FASB: Financial Accounting Standards Board

FCF: free cash flow

FCP: Fast charging points

FEED: front-end engineering design

FID: final investment decision

FLNG: floating, liquefied natural gas unit

FPSO: floating, production, storage and offloading unit

FSB: Financial Stability Board

FUNAE: Fundo Nacional de Energia (Mozambique)

FX: exchange rate

g: grams

G&A: general and administrative

G&G: geological and geophysical studies

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

GDP: Gross domestic product

GDP: Gás de Portugal, SGPS, S.A.

GDPR: General Data Protection Regulation

GGND: Galp Gás Natural Distribuição, S.A.

7. Glossary and abbreviations

GHG: greenhouse gases

GRI: Global Reporting Initiative

GVA: Galp Added Value

Gtoe: giga tonne of oil equivalent

GW: gigawatt

GWh: gigawatt-hour

GWp: gigawatt-peak

h: hour

H2: hydrogen

HSE: Health, Safety and the Environment

HVO: hydrogenated vegetable oil

IAS: International Accounting Standards

IASB: International Accounting Standards Board

IASC: International Accounting Standards Committee

IBAT: Integrated Biodiversity Assessment Tool

IBM: International Business Machines Corporation

ICE: Intercontinental Exchange

IFA: Accident Frequency Index

IFAT: Total Accident Frequency Index

IFRIC: International Financial Reporting Interpretation Committee

IFRS: International Financial Reporting Standards

IGEN: Business Forum for Equality

IIA: The Institute of Internal Auditors

IIRC: International Integrated Reporting Council

IMO: International Maritime Organisation

IMPEL: Integrated Water Approach and Urban Reusz

IMS: Integrated Management System

IOC: International Oil Company

IOGP: International Association of Oil and Gas Production

IPCEI: Important Project of Common European Interest

IPCG: Portuguese Institute of Corporate Governance

IPIECA: Global Oil and Gas Industry Association for Environmental and Social Issues

7. Glossary and abbreviations

IRC: corporate income tax

IRP: oil income tax (Angola)

ISIN: International securities identification number

ISO: International Organisation for Standardisation

ISP: Portuguese Tax on Oil Products (Imposto sobre Produtos Petrolíferos)

IsPG: Instituto do Petróleo e Gás (Brazilian Institute of Oil and Gas)

ISQ: Instituto de Soldadura e Qualidade

IT: Information Technology

IUCN: International Union for Conservation of Nature

JDZ: Joint Development Zone

JV: joint venture

k: thousand/thousands

kbbi: thousand barrels of oil

kboepd: thousand barrels of oil equivalent per day

kbpd: thousand barrels of oil per day

kg: kilogram

km/km²: kilometres/square kilometres

Kosmos: Kosmos Energy

Kton/kt: thousand tonnes

LNG: liquefied natural gas

LPG: liquefied petroleum gas

LRO: local risk officer

LTIF: Lost Time Injury Frequency

m: million

m³: cubic metres

M&A: mergers and acquisitions

MaaS: Mobility as a Service

mboe: million barrels of oil equivalent

mbpd: million barrels of oil per day

mbtu: million British thermal units

mbbl: million barrels of oil

mscf: millions of cubic feet

7. Glossary and abbreviations

MIBEL: Mercado Iberico de electricidade

MJ: Megajoules

mm³: million cubic metres

MPDP: Market Production Data Platform

MRV: Mozambique Rovuma Venture S.p.A. MTM: mark-to-market

mton/mt: million tonnes

mtpa: million tonnes per annum

MW: megawatt

MWh: megawatt-hour

MWp: megawatt-hour

n.m.: not meaningful

NAMPOA: Namibia Petroleum Operators Association

NAMCOR: National Petroleum Corporation of Namibia

NCP: Normal charging points

NE: net entitlement

NG: natural gas

NGDO: Non-governmental development organisations

NHS: National health service

NOx: Nitrogen oxides

NPV: Net Present Value

OECD: Organisation for Economic Cooperation and Development

OHSAS: Occupational Health and Safety Assessment Services

OMEL: spot market Iberian electricity market

OMIP: forward market Iberian electricity market

op.: operator

OTC: over-the-counter

OU: organisational units

p.a.: per annum

p.p.: percentage points

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

PCR: polymerase chain reaction

Petrobras: Petróleo Brasileiro, S.A.

7. Glossary and abbreviations

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

PIA: production individualisation agreement

PoD: Plan of Development

POS: Probability of Geological Success or probability of success

PPA: purchase power agreement

PPSA: Pré-Sal Petróleo S.A.

PSA: production sharing agreement

PSC: production sharing contracts

PSI-20: Portuguese stock market reference index

PV: Photovoltaic

PwC: PricewaterhouseCoopers

PWN: Lisbon's Professional Women's Network

RED: Renewable Energy Directive

R&D: Research & Development

R&M: Refining & Midsream

R&NB: Renewables & New Businesses

RAB: regulatory asset base

RC: replacement cost

RCA: replacement cost adjusted

RDA: Reservoir Data Acquisition

RED: Renewable energy directive

REN: Redes Energéticas Nacionais, SGPS, S.A.

ROACE: Return on capital employed

ROC: statutory auditor

ROI: return on investment

S: sulfur

S4G: Supply 4 Galp

SaaS: Software as a Service

SASB: Sustainability Accounting Standards Board

SDG: Sustainable Development Goals

SDS: sustainable development scenario

SGPS: Sociedade Gestora de Participações Sociais (Holding company)

7. Glossary and abbreviations

SIC: Standing Interpretation Committee

SO₂: Sulfur dioxide

SPPI: Solely Payments of Principal and Interests

STP: São Tomé and Príncipe

SPT: Special Participation Tax (Brazil)

STEPS: Stated Policies Scenario

SROC: firm of statutory auditors

SURF: subsea, umbilical, risers e flowlines

SXEP: STOXX Europe 600 Oil & Gas Index

tcf: trillion cubic feet

TCFD: Task Force on Climate-related Financial Disclosure

TJ: terajoule

TL: Tomboia-Landana

toe: tonne of oil equivalent

tonCO₂/tCO₂ tonnes of carbon dioxide

tonCO_{2e}/ tCO_{2e}: tonnes of carbon dioxide equivalent

ton/t: tonne

TPED: total primary energy demand

TRIR: Total Recordable Injury Rate

TSR: total shareholder return

TTF: title transfer facility

TVI: Televisão Independente (Independent television)

TWh: terawatt-hora

U.S.A.: United States of America

U.K.: United Kingdom

UN: United Nations

UNESCO: United Nations Educational, Scientific and Cultural Organisation

UNGC: United Nations Global Compact

Up: Upcoming energies

URD: distribution network use

USSR: Union of Soviet Socialist Republics

URT: transportation network use

7. Glossary and abbreviations

USD (or \$): United States Dollar

V2G: Vehicle-to-Grid

Var.: variation

VAT: value added tax

VLSFO: very low sulphur fuel oil

VUCA: Volatility, Uncertainty, Complexity, Ambiguity

WAC: weighted average cost

WACC: weighted average cost of capital

WBCSD: World Business Council For Sustainable Development

WHO: World Health Organization

WI: working interest

WRI: World Resources Institute

wt: weight

WWF: World Wildlife Fund

YoY: year-on-year

Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial 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

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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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