



REGENERATING THE FUTURE

Integrated Management Report 2021

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

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

Part II - Corporate Governance Report

1. Information on the Company's shareholding structure, organisation and governance
2. Corporate governance assessment

Part III - Consolidated and individual financial statements

1. Consolidated financial statements
2. Individual financial statements

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Part IV - Appendices

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

About the report

Galp's integrated report is intended to provide a global, transparent and accurate account of the activities through which we create economic value and our practices and principles of environmental, social and corporate governance, including the disclosure of performance results for 2021. The report allows Galp's performance to be assessed in an integrated way, considering the relevant external factors and incorporating information on the previous years, when necessary.

This report comprises four parts that together form the 2021 Integrated Report, as follows:

- an Integrated Management Report (IMR) which includes Galp's strategy, operational, financial and sustainability performance during 2021, as well as the main themes of corporate governance and risk management;
- the Corporate Governance Report, detailing the governance model and practices;
- the Consolidated and Individual Financial Statements;
- Appendices.

2021 Integrated Report

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

Leader in integrating best reporting standards and guidelines

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

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

About the report

- the Value Reporting Foundation (VRF) guidelines for integrated reporting;
- the Global Reporting Initiative (GRI) guidelines, GRI Standards 2021 version, in the "reference to the GRI Standards" option, including the GRI 11 Oil & Gas sector standard ([link here](#));
- the Sustainability Accounting Standards Board (SASB) for Oil and Gas, including Exploration & Production, Midstream and Refining and Marketing Standards ([link here](#));
- the recommendations from the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board (FSB) concerning disclosure of climate-related financial risks ([link here](#));
- the United Nations Global Compact (UNGC) principles ([link here](#));
- the World Economic Forum, Measuring Stakeholder Capitalism metrics and disclosure ([link here](#));
- the Sustainable Development Goals ([link here](#));



- the principles of inclusion, materiality, responsiveness and impact set in the AA1000 Accountability Principles Standard (AA1000AP 2018) regarding sustainability information.

Galp's financial statements were prepared in accordance with IFRS standards, with the cost of goods sold and raw materials used valued at Weighted Average Cost (WAC). When prices of commodities and raw materials fluctuate, which was especially relevant in 2021, the use of this valuation method may lead to volatility in results through gains or losses in inventories, without reflecting the actual operating performance of the Company during the period. This effect is called the inventory effect.

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

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

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

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

About the report

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

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

With regard to the non-financial information disclosed in this Report, on our website and in the Global Reporting Initiative (GRI) Standards and TCFD Recommendations ([link here](#)), the independent assurance report is issued by PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., which provides reasonable assurance on the Carbon Footprint (Scopes 1 and 2) 2021, and limited assurance on the remaining non-financial information.

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

Galp Energia, SGPS, S.A.

Investor Relations

Tel.: +351 217 240 866

E-mail: investor.relations@galp.com

Board of Directors' Message

Paula Amorim

Chairperson

Throughout 2021, the world continued to face economic and social disruptions, with the pandemic also affecting supply chains and energy market dynamics. One reality is becoming ever more evident – the urgent need to transform our energy systems to support societies moving towards a more sustainable collective future.

Under such volatile times, our determination and ability to innovate are being put to the test. And so is the fundamental role that successful energy companies can play in the energy transition. I see Galp strongly positioned to rise to the challenges, to create value and take a leading role in this transition.

Andy Brown took on the CEO role in February 2021. With the full support from the Board, we have introduced a new purpose for Galp – Let's Regenerate the Future Together – and reinforced our decarbonisation ambitions. We are aiming to be a net zero emissions Company by 2050 and have set intermediate targets for 2030 to reduce the level of greenhouse gas emissions from our operations, as well as the carbon intensity of what we generate and sell.

The Excom has worked diligently to present a refreshed strategy, one which fully reflects Galp's ambitions to harvest and reshape its portfolio. I am thrilled with the extent to which our People have embraced the new purpose and their determination to make it happen. This gives me extra confidence in a value-accretive and sustainable future for Galp.



Board of Directors' Message

Indeed, Galp is taking decisive steps towards a more sustainable future, expanding its renewable generation portfolio, already with a pipeline of c.4.7 GW, and confident about its target of 12 GW in renewable capacity operating by 2030. The company is also making strides in other energies, tapping into different technologies, and pursuing new value pools, such as in green hydrogen and the battery value chain.

Having said this, Galp's strong position is grounded on its enviable legacy portfolio, which is expected to continue to grow whilst transforming itself. Our highly competitive Upstream position is also one of the most carbon-efficient ones, worldwide. And we have a clear plan to decarbonise our industrial activities, halving greenhouse gas emissions by 2030, and transforming our commercial activities to cater to new market trends and a more electrified demand.

As Galp evolves, our Board composition must also evolve. To set and execute the refreshed strategy, the Board and Excom are adopting a leaner and more agile management model, while reinforcing energy transition competences.

The capital markets are yet to give full credit to the role that the energy sector can play in helping decarbonise and transform the energy systems. In this context, the Board has revised Galp's distribution framework, which from now on will include share buybacks and a progressive dividend. The Board will propose to the AGM a dividend related to the 2021 fiscal year of €0.50 per share, in cash. In addition, the Board is planning a share buyback of €150 m, which is expected to start once all authorisations related with the shares repurchase and cancelation are obtain at the AGM.

I would like to express my gratitude to our partners and to Galp colleagues for their commitment during such a challenging year, and to our shareholders for their continued support to steer Galp through the energy transition.

I cannot end this letter without expressing our repudiation of Russia's terrible aggression against Ukraine. This act of war violates the values we defend at Galp, such as freedom and human rights. Galp will not contribute to Russia's war efforts and, therefore, promptly decided to eliminate its exposure to oil products either sourced in Russia or from Russian companies. We will do our absolute best to support the humanitarian efforts in support of the people of Ukraine.



Paula Amorim
Chairperson of the Board of Directors

Board of Directors' Message

Andy Brown

Chief Executive Officer

Dear shareholders,

I took the helm of Galp slightly over one year ago with the clear objective of positioning the Company for the future of energy. And what an extraordinary journey it has been! We have launched a new purpose for Galp: 'Let's regenerate the future together'. I am thrilled with how this mission has been so naturally embraced and embedded across all teams.

As economies continue their tremendous efforts to rebound from the shockwaves originated by the pandemic, the pace of change across industries, especially in the energy sector, is astonishing and the importance of holding a competitive portfolio, a robust financial position and a sound strategy is paramount to being successful. But should we take anything from 2021, it must be the urgent need to decarbonise our economies.

It is my belief that the robustness of Galp's portfolio is well known. Low cost, competitive, upstream assets with a distinctively low CO₂ carbon intensity at half that of the industry average. A Commercial footprint that places Galp as a leader in Portugal and a key player in Iberia. A flexible Industrial site that leverages the Company's options to explore new solutions in the energy sector. And a leading position in renewable solar generation in Iberia.

With such a strong starting position this year, we worked towards refreshing our strategy and I am confident we presented a clear and compelling plan to thrive through the energy transition, whilst accelerating the pace of decarbonisation of our activities. This strategy enables Galp to maintain a robust growth from a highly efficient Upstream business, with a pipeline of projects that provides c.20 years of production and enables us to not to proceed with new frontier exploration.

From 2021 to 2025, we plan to allocate around 50% of the Group's net capex to reshaping its portfolio by investing in cleaner energy solutions. We aim to move from a grey refinery to a green energy hub, reducing the absolute emissions from our refining operations by 50% in 2030, and transform our mobility businesses to increase the contribution from non-fuel activities.

Galp's growth profile also expands into the renewable generation space, with the ambition to enlarge our portfolio 10-fold, reaching 12 GW of gross installed capacity by 2030.



Board of Directors' Message

And I am happy to see Galp reinforcing its ambition to become a net zero Company by 2050, in terms of greenhouse gas emissions, and I'm even more enthusiastic about the shorter-term path ahead of us to considerably reduce our carbon intensity, as well as absolute emissions.

But in 2021 we didn't limit ourselves to laying out our strategy. We have already taken relevant steps towards the execution of this strategy. We expanded our renewables portfolio into Brazil, whilst also reinforcing an already leading position, both in Iberia's solar renewable space and in Portugal's EV charging network.

Together with our partners, we reached FID for the development of the world-class Bacalhau project, in Brazil; we submitted a new PoD for Tupy / Iracema; and the Coral South FLNG arrived in Mozambique ahead of time and within budget.

Galp also laid the groundwork for transformative projects in the low-carbon energy sector. We are rapidly maturing a new green hydrogen business, assessing the incorporation of biofuels in our industrial site, and establishing key partnerships for a lithium conversion unit to tap the booming potential of an integrated value chain for batteries in Europe.

In 2021 we also faced several challenges that demanded the utmost best of our teams. The operational momentum of our activities lacked consistency and our cash delivery was impacted by unforeseeable events, some of which resulted from the incredibly volatile commodity market environment, namely the spike in natural gas prices. We have renewed our absolute focus on Operational Excellence in our assets to deliver more consistent results.

Ultimately, to ensure we appropriately reward our shareholders, the Board of Directors decided on a discretionary adjustment to the distributions related to 2021, planning to initiate a share buyback programme in addition to the payment of the announced base dividend. Considering the profound changes observed in the capital markets towards the energy sector, the Board has revised the shareholder distribution guidelines, which should consider share buybacks in

addition to cash dividend payment, recommended to include a progressive dividend per share increase.

Looking forward, 2022 is already marked by Russia's act of aggression against the Ukrainian people. This represents a harsh blow to the free world and stands against all values upheld by Galp. Galp has no joint ventures with Russian entities and already decided to suspend all trading interactions related with petroleum products sourced by Russia or Russian companies. My heart goes out to all the people of Ukraine, with a special thought to our Ukrainian colleagues. We will continue to strongly support all humanitarian efforts.

As Europe's energy system is questioned and market volatility is ever more intense, 2022 will be a year to accelerate our transformation path and continue to demonstrate execution. We will harvest the cash flows from our legacy businesses, we will continue to scale up our renewables business, expand our position in the electricity value chain and mature our new energies ventures.

We made some changes to the Executive Committee, and I give a warmth welcome to Teresa and Georgios. People who had greatly contributed to Galp left, but I am very enthusiastic with the renewed Management and Leadership teams and confident that these teams will effectively lead Galp through this energy transition.

Galp is changing its profile from a traditional Oil & Gas player to an Integrated Energy Company. An effort only possible with committed people. My sincere thanks to the whole Galp team for their fantastic contributions.



Andy Brown
Chief Executive Officer

THE GALP WORLD

1.1 Our purpose

Let's Regenerate the Future Together

We are proud of the energy we provide, knowing that it is central to the economy and to support people's lives.

We are committed to redefine our business and the products we produce and provide to our customers, reshaping our portfolio to accelerate the development of low carbon sources of energy, progressively reducing the CO₂ intensity of the energy we produce aiming at becoming net zero by 2050. We are positioning ourselves to lead the industry in this transformation, in to a cleaner and regenerated future.

We are also refreshing our relationship with society, communities, and our customers at large. We want to be known as a company that is both dynamic, providing innovative clean energy solutions, but also one that cares for the people and the planet.

The change will start with our people. We recognise the need to change the way we lead in order to fully reenergise our talent, creating a Company where everyone can achieve their potential.

So let's regenerate the future together.

"Let's lead our industry into a future where we protect our precious planet, where we delight our customers and make Galp a great place to work."

Andy Brown, CEO ([link here](#))



1.1 Our purpose

Reshape Portfolio

Develop efficient and sustainable energy solutions aligned with our 2050 net zero carbon emissions ambition.

Galp strategy aims to develop efficient and sustainable energy solutions capable to progressively decarbonise our portfolio, ensuring a disciplined capital allocation through solid return on investments which will consider the business risk profile, promoting an effective, competitive and sustainable transition.

- Galp aims to thrive through the energy transition towards becoming net zero carbon by 2050, with an interim 40% carbon intensity reduction targets by 2030, when we want to have already a more electrified, diversified and decarbonised global portfolio.
- Galp is committed to expanding its renewable energy generation portfolio.
- In Upstream, where our carbon intensity is currently almost 50% below the sector average, we will continue to pursue carbon efficiency excellence, to support a responsible growth of our production.
- Galp will continue to contribute to the industrial development of Portugal, by progressively converting Sines refinery site into a green energy hub.
- Our commercial offer will change its focus from a car and fuel-centred approach to a consumer and green energy-centred approach.
- Galp aspires to take an active role in the energy transition paradigm, namely by exploring options to adapt its portfolio to future consumption patterns, namely, to develop an industrial cluster for green hydrogen

production based in Sines and assessing opportunities in the fast-growing lithium-ion battery value chain.

- Our strategy relies on a clear capital allocation framework, to enable a value-driven investment case, capable of delivering a highly resilient cash flow growth and a competitive shareholder remuneration.

Refresh Relations

Work together with our customers, partners and suppliers leveraging digital tools and a refreshed brand to promote cross-selling.

Help our communities with their decarbonisation efforts, expanding our low-carbon businesses and the non-fuel customer offering.

- Leverage our strong brand and physical network, with more than 450k visits per day, spread throughout our more than 1,400 service stations.
- Develop digital tools to transform our customer experience and expand our client base, providing a bundled offer responding to evolving customer needs and based on a unique partnership ecosystem and actionable data to leverage our loyalty programme.
- Expand and refresh our commercial offer to respond to the changing energy consumption and shared mobility patterns, by developing new businesses such as Galp Solar and Flow.
- Continue to work towards the decarbonisation of our business and of our communities.

1.1 Our purpose

Reenergise our People

A great place to work in which our people thrive and achieve their ultimate potential

New capabilities and a solid learning culture to drive agility and high performance throughout the Organisation.

- A leadership ready to promote change, build trust and empower talent.
- A smart work model that allows flexibility, promotes productivity and work-life balance.
- An employee-centric and modernised workplace.
- Simplified people management processes.
- Fair compensation aligned with market best-practices.
- Agile ways of working.

1.2 Galp's presence



Upstream



Commercial

Industrial
& Energy ManagementRenewables
& New Businesses

1. Portugal



6. Cape Verde



2. Spain



7. Guinea-Bissau



3. Brazil



8. S. Tomé and Príncipe



4. Angola



9. Namibia



5. Mozambique



10. Eswatini



1.2 Galp's presence



Upstream

Galp has 28 Upstream projects under exploration, development and/or production phases, located mostly in deep waters and focused on three core areas: the world-class pre-salt Santos basin assets in Brazil, producing assets in Angola and high-potential natural gas projects under development in the Rovuma basin, in Mozambique. Other exploration assets are located in São Tomé and Príncipe and in Namibia.



Industrial & Energy Management

The Industrial & Energy Management division includes in the Industrial segment the refining, logistics, biofuels and cogeneration activities in Iberia, whilst Energy Management comprises the supply & trading activities of oil, gas and electricity, focused on value maximisation along the integration of the businesses and its value chains.

During 2021, Galp renamed the business unit, from Refining & Midstream previously, to better accommodate its purpose of transforming Sines into a green energy hub by 2030, improving its energy efficiency, reducing the carbon footprint, expanding the current biofuels operations to advanced biofuels and introducing green hydrogen production.



Commercial

Galp's Commercial business provides a complete and integrated offer ranging from oil products, gas, electricity to other services. Maintaining a customer-centred approach, the business offers solutions for companies and retail customers in different geographies. Our commercial strategy is focused on optimising the integrated offer of products and services, adapted to new consumption patterns, in an open, digital and sharing economy. Using the strong position of Galp's brand in Iberia and in a selection of African countries, Galp's Commercial activities have the customers at the core of its businesses.



Renewables & New Businesses

The Renewables & New Businesses unit is focused on developing a sustainable and diversified portfolio of renewable energy generation, currently focused on Iberia and Brazil, which can be leveraged by synergies with the Company's remaining energy businesses, whilst supporting its energy transition trajectory. This unit also identifies, assesses, and develops new business opportunities in the energy space, aiming at adding new value pools and/or maximising value creation of current businesses.

1.3 Value creation

Inputs



Financial
Capital

€12,129 m cost of goods sold RCA	€1,536 m supply and Services RCA	€297 m salaries and benefits
€936 m capital expenditure	>€35 m in the protection of people, the environment and assets	



Natural
Capital

9.4 millions m³ raw water	34,249 TJ consumed primary energy	€2.1 m investment in eco-efficiency in refining
1,366 TJ electricity purchased		



Human
Capital

6,152 employees	56 nationality	278 hires
2,711 women	10 countries	181,655 hours of training



Intellectual
Capital

€16.9 m innovation and R&D	€180 m innovation and R&D investment until 2025	



Social and
Relational
Capital

59.2% free float	57 relevant partnerships with sector and associations and entities	99% local hiring
2,568 suppliers	74% local purchases	+ 1,298 volunteer hours

Business Model

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

Business segments



Upstream

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

712 mboe
2P reserves
1,521 mboe
2C contingent resources
28 projects



Industrial & Energy
Management

226 kbpd
refining capacity
76.6 mboe
Processed raw materials
14.8 mton
Oil products supply
91 MW
cogeneration capacity



Commercial

6.5 mton
total oil product sales
1,480 service stations
18.3 TWh
total NG/LNG sales
4.2 TWh
total electricity sales



Renewables
& New Businesses

One of the largest solar players in Iberia
963 MWp
Installed capacity for renewable generation
1,288 GWh
Renewable energy generated
352.4 ktonCO₂
Avoided emissions

1.3 Value creation

Outputs

€16,117 m

RCA turnover

€2,322 m

RCA Ebitda

€457 m

RCA net income
attributable to the shareholders
of Galp Energia SGPS, S.A.

1.1x

net debt/
RCA Ebitda

€1,052 m

cash flow from
operations

€0.50

dividend per share

5.8 million m³

waste water

11

contention losses that
reached the environment

0.13 Tier 1

0.49 Tier 2

process safety
events rate

88 kton CO₂

(Flaring) – Upstream equity

20.4 kton

waste

CO₂e - scope 1

3.2 mton

CO₂e - scope 2

0.09 mton

1.24 LTIF

lost-time
injury frequency

0

fatalities



74%

engagement level



99%

employees
assessed

2.92%

turnover



€9.75

ROI
on human capital



78

innovation projects
implemented



18

pilots
implemented



5

technology
programmes



30

R&D projects
in Brazil



8

clean R&D projects

€25.6 m

community investment

**824 schools involved / 38,899
young students and teachers**

training and skills development within the scope of energy
and sustainable development



€18,435 m

economic value
distributed



€1.84 m

in relevant partnerships
with sector entities
and associations

25

whistle-blowing
reports received

64%

resolved

1.4 Approach to materiality

Ongoing stakeholder engagement

Galp believes its stakeholders have an important voice and that their inputs are an opportunity to further create shared value for both the Company and society.

Both communication and engagement are maintained throughout the year so that opportunities are fully explored.

More information on how Galp engages with its stakeholders is available on the Company's website ([link here](#)).

Identifying priorities

Galp's long-term success is highly dependent on its ability to create value. This is why Galp seeks to understand the sustainability landscape and the topics that can have a higher impact on the Company's future.

Galp conducts a comprehensive materiality analysis related to sustainability, one that prioritises topics from a double perspective: the impact of the Company's business activities on the economy, the environment, and society, and the impact of sustainability topics on Galp's business development, performance, and position. Both perspectives contribute to identifying the current and emerging aspects that must be addressed.

Following international best practices, this materiality analysis process includes four major steps.

- Identifying topics
- Galp analyses insights and information from external and internal sources to identify relevant issues. Determining the relevance
The Company carries out a stakeholders consultation to know their key expectations regarding Galp's performance and their views about the relevance of each topic.
- Determining the impact
An internal assessment is carried out with top management to ensure the alignment of material topics with the Company values, policies and commitments.
- Validating material topics

Finally, the topics are prioritised considering their relevance and impact (from an internal and external perspective).

1.4 Approach to materiality

Key material aspects

The results of the materiality analysis are a fundamental outcome for the strategy development, allowing Galp to focus on what matters most to its

business and its stakeholders. For each key material aspect, Galp has set goals and targets, and their progress is monitored and reported in the public domain. This information can be found in the beginning of each Sustainability chapter.



1.5 Contribution to the sustainable development goals

In 2015 the United Nations defined a blueprint for worldwide sustainable development. Since then, Galp has been committed to contributing towards the 17 Sustainable Development Goals (SDG) set in the United Nations Agenda 2030.

As part of the impact assessment, Galp evaluated how its strategy and business activities are helping to achieve the SDGs, particularly those to which Galp contributes and impacts the most.

Galp has mapped the SDGs on which we have the greatest potential to make a real difference, as well as the main established targets that will contribute to each goal.

Material SDG - Galp's Impact on Society

17 Partnerships for the goals

- Member of the WBCSD, BCSD Portugal and CDP Supporter
- Subscriber of the Voluntary Principles on Security and Human Rights
- Commitment to the 10 Universal Principles of the UNGC, TCFD and Zero Routine Flaring Initiative

13 Climate action

- Reduction of 40% of absolute emissions from operations (scope 1 & 2) by 2030
- Reduction of 40% of the production carbon intensity and 20% of all downstream sales carbon intensity by 2030
- Achievement of Net Zero Emissions (scopes 1, 2 & 3) by 2050

12 Responsible consumption and production

- €2.1 m real investment in 2021 in eco-efficiency projects in refining
- Acquisition of 100% renewable electricity in our operations in Portugal in 2021
- 15% of reused water in refining

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

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

Indirect SDG
1 | 2 | 4 | 5 | 10



7 Affordable and clean energy

- 27,039 m³ of biodiesel produced
- 1,288 MWh of gross renewable energy produced
- 53% of marketed electricity from renewable sources

8 Decent work and economic growth

- 99% of local hiring
- 10.4% of employees with less than 30 years
- 94% of employees covered by health safety insurance

9 Industry, Innovation and Infrastructure

- More than €180 m of innovation and R&D investment planned until 2025
- €16.9 m invested in innovation and R&D
- Founder member of the Singularity University Portugal and partner of the Heriot-Watt University

1.6 Galp in the capital markets

Shareholder structure

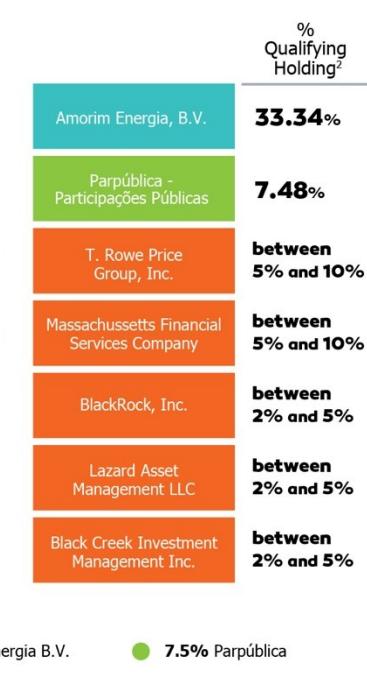
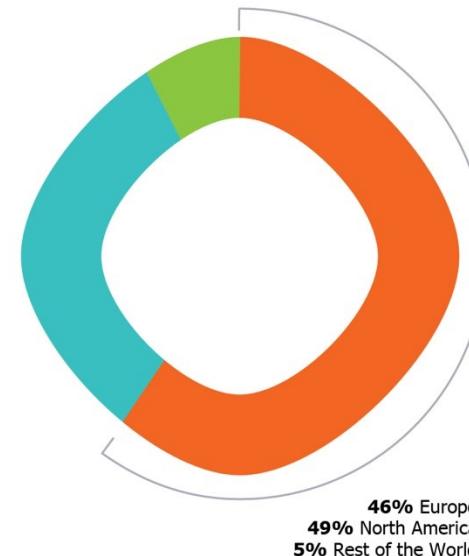
Galp has been listed on Euronext Lisbon since 23 October 2006.

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

At the end of 2021, c.33% of the Company's share capital was held by Amorim Energia, B.V., while the remaining free float, was held by institutional investors from 33 countries.

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

Shareholdings as of 31st December 2021



● 59.2% Free Float¹

● 33.3% Amorim Energia B.V.

● 7.5% Parpública

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

² The qualifying holdings in Galp's share capital as at 31 December 2021 were calculated in accordance with the Article 20 of the CVM and were communicated to Galp in accordance with Article 16 of the CVM.

1.6 Galp in the capital markets

Galp share performance

At the close of 2021, Galp had a market capitalisation of around €7.07 bn, a 2.7% decrease compared to the end of 2020. The total shareholder return (TSR) during the year, considering the share price evolution and the dividends distributed, was positive at 3.7%.

Galp's Share Performance 2021 (€/share)



Source: Bloomberg

Share price @ 31 st December, 2020	€8.75
Share price @ 31 st December, 2021	€8.52
Minimum share price during 2021	€8.12 @ 2 nd February
Maximum share price during 2021	€10.83 @ 12 th March
Average daily shares traded ¹ (all trading venues)	7.85 million shares
Average daily shares traded on Euronext Lisbon stock exchange	2.3 million shares

¹Source: Bloomberg

Analysts' coverage

The Galp share is currently followed by 23 financial analysts, who produce their research analyses on the Company, as well as estimates for future results.

As of 31st December 2021, the average price target of Galp share was €11.62, with 52% of the analysts recommending purchasing, 43% holding and 5% selling recommendations.

All information related to Galp's stock recommendations and target prices issued by the various institutions can be seen on our website (link [here](#)).

Distributions to shareholders

Galp's Board of Directors will propose to the 2022 Annual General Shareholders Meeting (AGM), to be held on April 29, a base dividend of €0.50/share, paid in cash, related to the 2021 fiscal year. In addition, the Board plans to execute a share buyback of €150 m, which should start after the relevant authorisation related to the shares purchase and cancellation are obtained at the AGM.

1.6 Galp in the capital markets

2022+ shareholder distribution guidelines

In February 2022, Galp's Board of Directors revised the shareholder distributions guidelines, now with a progressive base cash DPS, growing at 4% per year.

Additional supplementary distributions are now being planned to be made through buybacks, whenever Galp's Net Debt to RCA Ebitda remains below the Company's target of 1x. Total distributions to shareholders (cash dividend + buyback) are limited at one third of the adjusted operational cash flow (OCF¹).

¹Adjusted Operational Cash Flow (OCF) = RCA Ebitda + Associates + Taxes

1/3 of OCF

Total expected distributions 2022+

Participation in the 2021 annual general shareholders meeting

Galp's 2021 Annual General Shareholder Meeting was held on April 23rd and the main items on the agenda were the ratification of Andrew Brown as member of the Board of Directors and Chief Executive Officer of the Company, the integrated management report, individual and consolidated accounts and other financial statements for 2020 fiscal year. In addition, a proposal for the allocation of the 2020 results was approved. The Board of Directors, the Audit Board and the Statutory External Auditor's performance during the fiscal year of 2020 was also assessed.

A decision was taken on the Remuneration Committee's statement, on the remuneration policy for the management and supervisory bodies and members of the Board of the Shareholders' General Meeting, as well as on the granting of authorisation to the Board of Directors for the acquisition and sale of own shares and bonds or other own debt, by the Company and its subsidiaries' instruments. 1,366 shareholders attended or were represented at the General Meeting, representing 695,576,241 shares, or 83.88% of the Company's share capital. All proposals submitted for deliberation were approved.

1.6 Galp in the capital markets

Information to the bondholder

Bonds outstanding under the *Euro Medium Term Note* (EMTN) programme on December 31, 2021.

Name	ISIN	Date of Issue	Maturity	Amount	Coupon	Yield at end of year (%)	Var. from pricing (bp)	Place of Transaction
Galp 1.000% 02.2023	PTGALLOM0004	15-11-2017	15-02-2023	€500 m	1.000%	0.0	(106)	London Stock Exchange
Galp 2.000% 01.2026	PTGALCOM0013	18-06-2020	15-01-2026	€500 m	2.000%	0.8	(128)	Euronext Dublin

1.7 Our brand

“Let’s regenerate the future together” - A brand new purpose



Galp's new purpose set the tone for a year of achievements and defined the clear ambition for the Company on addressing decarbonisation milestones by 2030 and 2050.

Having a strong brand is one of the pillars to address the several markets where Galp operates. The brand strategy from recent years helped to position us as one of the brands with most awareness in our sector and even across other industries, mainly in Portugal and Mozambique, and with a growing brand presence in Spain, where we face the challenges of being the upcoming player, with lesser awareness than our competitors.

Our global strategy aimed to position Galp as a more humanized brand, close to customers and relevant for people's lives, in order to establish an emotional link that increases the good will from customers towards our brand and businesses.

It is of the upmost importance that we convey in every way we can, memorable brand experiences that gives the brand a sense of uniqueness whenever we contact with consumers. The brand is one of the competitive assets that we must focus on, because the impact created, can and will leverage the desired behaviour from people and good experiences create the most memorable call to action.

The performance of our brand activity is shown in the results from the market survey:

- 81% of total awareness as a brand from the energy sector
- 72% considers galp a trusted brand
- 59% states that Galp is a brand close to customers

Galp Brand is undergoing a repositioning process to move the market perception from its being a national oil company to that of an international Integrated Energy company, landmarking new sustainable territories, from Solar to Electric Mobility.

Internally, the employees were triggered to embrace the new purpose, by being shown what the brand is doing as a brand that not only cares about the environment but also about people, conveying its impact and sense of belonging.



STRATEGIC FRAMEWORK



2.1 How we plan the future

As the pace of energy transition accelerates, markets must adapt. Today's context is of a world that will see a rapid change in the energy outlook and an increase in renewable energy investments and associated technologies to meet the Paris Agreement goals.

Galp's strategic planning is based on a set of energy beliefs with a common assumption that a deep transformation will impact the energy sector during this decade towards a cleaner future:

- Social and regulatory pressure accelerating the decarbonisation pace;
- Growing share of electricity with expected significant increase in electric vehicle sales;
- Solar and wind becoming a relevant energy source for power generation;
- Green/blue hydrogen gaining momentum with viable options emerging;
- European Union setting the strategic ambition to build an integrated lithium-ion battery value chain;
- Significant decrease in oil demand in Europe, leading to a wave of refinery rationalisation;
- More electrified global energy mix, although oil and gas maintain a crucial role for several years.

2.2 Our strategy

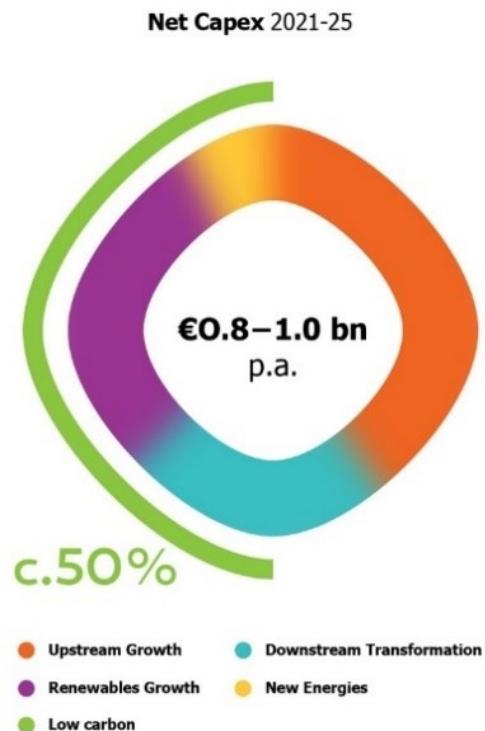
The need for society's decarbonisation has brought challenges to all economic sectors. Nowadays, it is clear that the way energy is generated, transformed and consumed will change, and this means shaping and adapting Galp's strategy to present and future needs.

In 2021, Galp updated its strategy towards a resilient investment case in an accelerated energy transition. Galp aims to reshape its portfolio and become a dynamic, digitally enabled customer-oriented company, with a material position in renewables and new energies, and industrial operations being progressively decarbonised and transformed towards a green energy hub.

The Company's strategy originates a value-driven investment case, which relies on a clear capital allocation framework, allocating around 50% of its net investments in the 2021-25 period towards low-to-no-carbon activities.

This enables Galp to reshape its portfolio, whilst maintaining its ability to deliver resilient cash-flow growth and a competitive shareholder remuneration, envisaging to distribute up to 1/3 of its operational cash flow.

2.2 Our strategy



Upstream

The Upstream will continue to be one of the cornerstones of Galp over the next few years. Galp's Upstream portfolio is based on top tier assets, both in terms of production cost and carbon intensity, delivering the right conditions to focus Galp on the value maximisation from core projects and not to pursue with new frontier exploration. Nevertheless, Galp aims to continue to deliver a peer-leading production increase, by delivering c.25% more to the current Upstream production capacity by 2025 from already sanctioned projects.

At the same time, the carbon intensity of Galp's Upstream business is considerably lower than the sector's average and Galp is committed to continuing to pursue carbon efficiency excellence to support the responsible growth of production.

Industrial & Energy Management

Transforming our Industrial assets and other energy-related activities is fundamental to progressively adapting the Company's portfolio to the unfolding needs of the market. This is why, at Galp, work is underway to decarbonise the Sines refinery, with the goal of transforming it into a Green Energy Hub. Along the way to decarbonising Sines, Galp is also committed to optimising refining efficiency and enhancing its resilience, ensuring the competitiveness of its industrial activities, while expanding the share of low-carbon products, such as advanced biofuels with HVO plant being planned.

Together with the low-carbon products diversification, the gradual transformation into a Green Energy Hub is also expected to be leveraged on the production of green hydrogen, which will allow further industrial and mobility applications, such as synthetic fuels, and support an operational carbon footprint reduction of approximately 50% by 2030.

Galp recognises the potential of hydrogen and is evaluating the development of green hydrogen solutions, coupling its privileged position to its industrial skills to move this new business forward. By 2025, the Company aims to control the first 100 MW of electrolysis capacity with additional capacity being planned up to 1 GW.

Galp's Energy Management activities are at the core of our energy supply activities, ensuring reliable and competitive sourcing of raw materials and other energy products and the value maximisation of the sales of all produced and transformed products. Additionally, Galp will enhance the role of Energy

2.2 Our strategy

Management in its organisation in order to obtain additional value from the integrated profile across the different energy value chains

Commercial

Galp holds a reference position as an energy supplier in Iberia. The response to changes in consumption patterns is addressed on a daily basis at Galp. The Company's goal is to continuously support customers' lives, both through a physical platform, with the convenience and proximity of its network, and through a digital platform, accompanying customers throughout their daily journey.

In this context, Galp continues to expand the customer experience, aiming to transform the current fuel stations towards innovative, multi-energy and convenience concepts, by modernising and expanding its products and services offered using a new hub concept. Within this scope, Galp aims to double the contribution of convenience in its retail network by 2025, together with a fast expansion of its offer of electric vehicle charging points, achieving c.10k in Iberia by 2025. At home, Galp aims to significantly grow the electricity sales to its clients, while maintaining a leading position in natural gas sales. Both in mobility and at home, Galp will continue to deliver the energy of today along with the solutions of tomorrow, leveraging decentralised generation and fleet management solutions, aligned with the energy transition.

As a One Galp, the Company will be able to deliver products and services tailored to both present and future needs while supporting its clients' journey towards the decarbonisation and digitalisation of their consumption.

Renewables & New Businesses

Galp intends to play an active role in the energy transition that society is facing, seeking to anticipate trends, develop a portfolio in line with future needs,

establish synergies with its current business whenever possible, and progressively reduce the carbon intensity of its activity and its customers. In this context, Galp is building a renewable energy generation portfolio as well as innovating towards the development of new energies across the value chain.

In the renewables sector, Galp is already one of the leading solar PV players in Iberia, with c.1 GW in operation and 3.1 GW of projects under development, together with 0.6 GW under development in Brazil. By 2030, the Company is targeting a gross renewable operating capacity of about 12 GW, promoting an agile portfolio expansion based on a geographic and technological diversification. To promote this growth and support value creation, Galp will continue to maximise value through an appropriate capital structure, as well as a partnership model and asset rotation. Galp is also building some distinctive capabilities to enhance portfolio resilience, such as behind-the-meter battery storage options, technological hybridisation.

Regarding New Businesses, Galp is proactively looking into solutions that can play a key role in the energy value chain of the future. The New Businesses area is designed to serve as an incubator for new value creation streams, testing, validating, and developing concepts to a mature stage, which can then flourish on their own, or be incorporated by other business units, such as the green hydrogen that has recently been included under the Industrial & Energy Management area, as well as Galp Solar and GowithFlow that have been integrated in the Commercial business.

Galp is also assessing entry opportunities in the fast-growing battery value chain, capturing an early mover advantage in Europe. Galp's joint venture 'Aurora' with Northvolt is engaged in the development of Europe's first lithium conversion plant, to be located in Portugal.

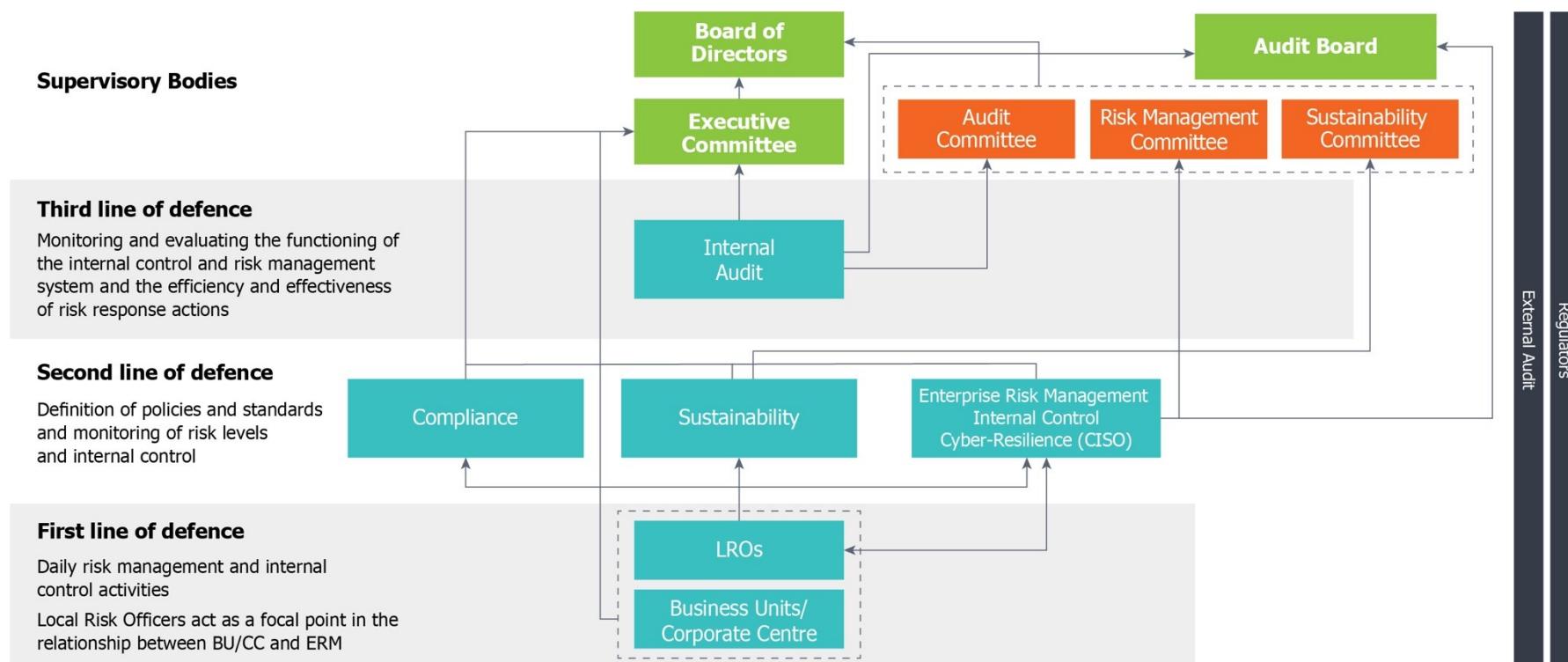
2.3 How we manage risk

Galp is exposed to risks that may have a negative impact on its operational and financial performance, reputation and market capitalisation.

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

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

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



2.3 How we manage risk

Galp has a governance structure, procedures and systems that enable the Company to manage the risks to which it is exposed, so that risk management is an integral part of the decision-making processes.

In addition to the main risks and opportunities inherent to Galp's activity, we identify below the emerging risks, defined as those that (i) are not currently having a significant impact on the Company, but which are highly uncertain due to their rapid evolution, non-linearity or both; or (ii) even if they have already started to impact the Company's business, they will continue to have an impact in the long term and may materially influence Galp's business model. The way the Company addresses and mitigates them is also described.

The results are discussed in greater detail in Part II of this report - Corporate Governance Report.

Some of these risks are sensitive to climate change phenomena and low-carbon economy transition scenarios, particularly those associated with regulation, future trends in demand, commodity price fluctuations and potential increase in competition. Given the emerging nature of climate change risks in the current energy context, and in accordance with the commitments undertaken, Galp includes them in the scope of its risk analysis, together with other emerging risks. The Sustainability Committee, supported by the Risk Management Committee, is the board level committee responsible for climate related issues, being key in assisting the Board in integrating sustainability principles into the decision-making process and ensuring that the main risks and opportunities that we face are identified and continually managed.

The risk analysis and the resulting risk matrix are regularly discussed with the Executive Committee and the Risk Management Committee.

Risks	
Strategic Risks	
Climate Change	The physical risks (acute or chronic) associated with climate change may have a potential impact on Galp's activities, causing damage or interruptions and delays in its operations. Transition risks (regulatory and legal, market, technological and reputational risks) will lead to a change in consumer behaviour, reducing demand for O&G, and will potentially affect fossil fuel prices and could drive the creation of "stranded assets".
Performance Management	The inability to restructure business models through intelligent operational models supported by innovative technologies data analysis and, simultaneously, adopt a new paradigm of work model, while maintaining employee engagement and productivity, would undermine Galp's ability to properly executing its strategy, impacting results and financial performance.
Portfolio	Galp's sustainability depends on its ability to reshape its portfolio, focusing on opportunities that ensure a portfolio capable of creating long-term sustainable value, taking advantage of the Company's existing competitive advantages, while diversifying and exploring adjacent synergies and opportunities aligned with market trends, enabling it to meet its decarbonisation ambition at the pace demanded by the market.

2.3 How we manage risk

Risks	
Price	Galp's business portfolio is exposed to volatility in prices of crude oil, natural gas, LNG, electricity and CO ₂ , and other raw materials, as well as changes in interest and exchange rates. The variability of commodity and financial prices, resulting from macroeconomic, geopolitical or technological factors that affect the dynamics of demand and supply, may have a material adverse effect on the value of Galp's assets, results and financial performance.
Market & Competition	Galp faces strong competition in all its business segments and its competitive position and financial performance may be harmed, specifically if the Company is unable to respond adequately and in time to the new demand paradigm, reshaping its portfolio in accordance with the energy transition, accessing new technologies and keep up with innovation to improve operational efficiency, and recruit and retain talent.
Partnership	Most projects developed by Galp in the various segments depend on partnerships with other entities which, while allowing the Company to take advantage of complementary capabilities and resources, as well as adequate risk sharing, give Galp less control over the execution, performance and operating costs of projects and expose the Company to the risks associated with partners (financial, technical, operational, cyber and reputational, etc.).
Concentration	Galp's major projects are mainly in Iberia and Brazil and the supply of natural gas comes largely from Algeria and Nigeria, which creates a risk of dependence on these countries, which is aggravated by the high political, regulatory and social risks in some of these geographies. Additionally, the still significant weight of Oil & Gas segment in the Company's portfolio may represent an added challenge for Galp in the face of energy transition and the new demand paradigm.
Financial Risks	
Financing & Insurance Risks	Galp's ability to access the financial and capital markets to finance its strategy and obtain insurance quotes for its investment projects could be affected by the growing pressure on investors to divest from fossil fuel companies and on companies to perform according to stricter regulations and standards.
Assets	Several factors, both internal and external, may affect Galp's assets, its performance and value, namely technical challenges and/or appraisal and development difficulties; geopolitical, fiscal and regulatory issues; failure to replace old or obsolete infrastructure or equipment; incorrect evaluation of Oil&Gas reserves or recovery levels, amongst others.
New Business Returns Risk	Galp's strategy of developing a set of diversified projects (renewables, battery value chain and green hydrogen, etc.), in line with the energy transition, and that allow capturing synergies with other businesses, may be compromised if the investment options do not meet the defined objectives and/or do not contribute to the fulfilment of Galp's Decarbonisation Roadmap.
Operational Risks	
Major Accidents	The nature, technical complexity, and diversity of Galp's Upstream and Industrial operations expose the Company and its communities to a broad spectrum of disruptive health, safety, security and environment risks.
Efficiency and Effectiveness	The inability to ensure the efficiency and effectiveness of its operations may threaten the Company's ability to provide services at cost levels equal to or lower than those of its competitors, compromising Galp's productivity and competitive performance.
Business Continuity	The nature, technical complexity, and diversity of Galp's operations expose the Company to a wide range of disruptive risks that may give rise to incidents that disrupt or threaten Galp's critical business processes and may impact human resources, the environment, the value of assets and results and, ultimately, the continuity of its business.
Project Execution	The execution of Galp's projects is exposed to several risks (market, liquidity, political, legal, regulatory, technical, commercial, climatic and others) that may compromise their execution within budget and deadlines, and compliance with the defined specifications and operational reliability.
Legal and Governance Risks	
Legal	Galp is subject to a wide range of international laws and standards or those of the various countries in which it operates, whether industry-specific, or transversal. Additionally, part of Galp's activity is carried out in emerging or developing economies, with a relatively unstable legal and regulatory framework, which may lead to legislative and regulatory changes that may alter the business context in which Galp operates.
ESG Regulatory Compliance Risk	Any failures by the company, its employees, governing bodies, suppliers/service providers or counterparties relating to compliance with ESG laws and standards, or failure to respond to ESG topics, which are gaining prominence and being increasingly scrutinised by several stakeholders, may have adverse effects on the Company's investment case and reputation.

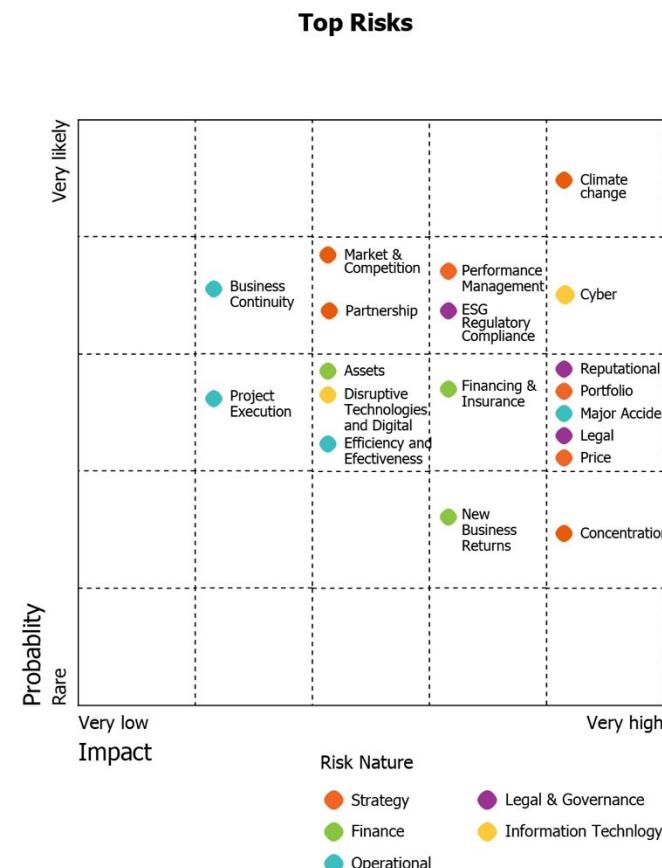
2.3 How we manage risk

Risks	
Reputational	Actual or perceived failures in governance, regulatory compliance, or a lack of understanding of how our operations affect communities and the environment or how the Company is responding to expectations from customers and the Society, namely on the energy transition arena, could damage our brand and reputation.
Information Technology Risks	
CyberRisk	Most of Galp's processes rely heavily on digital systems and data. Any failure in the security of these systems, whether accidental (due to network, hardware or software failures), or resulting from intentional actions (cybercrime), or negligence (internal or due to service providers) may have severe negative impacts for Galp's operations, its customers and suppliers.
Disruptive Technologies & DigitalRisk	The inability to identify and integrate new digital transformation trends, particularly in terms of automation and solving complex industrial challenges or developing new practices that speed up processing times and reduce human labour, would affect Galp's efficiency and its competitive position.

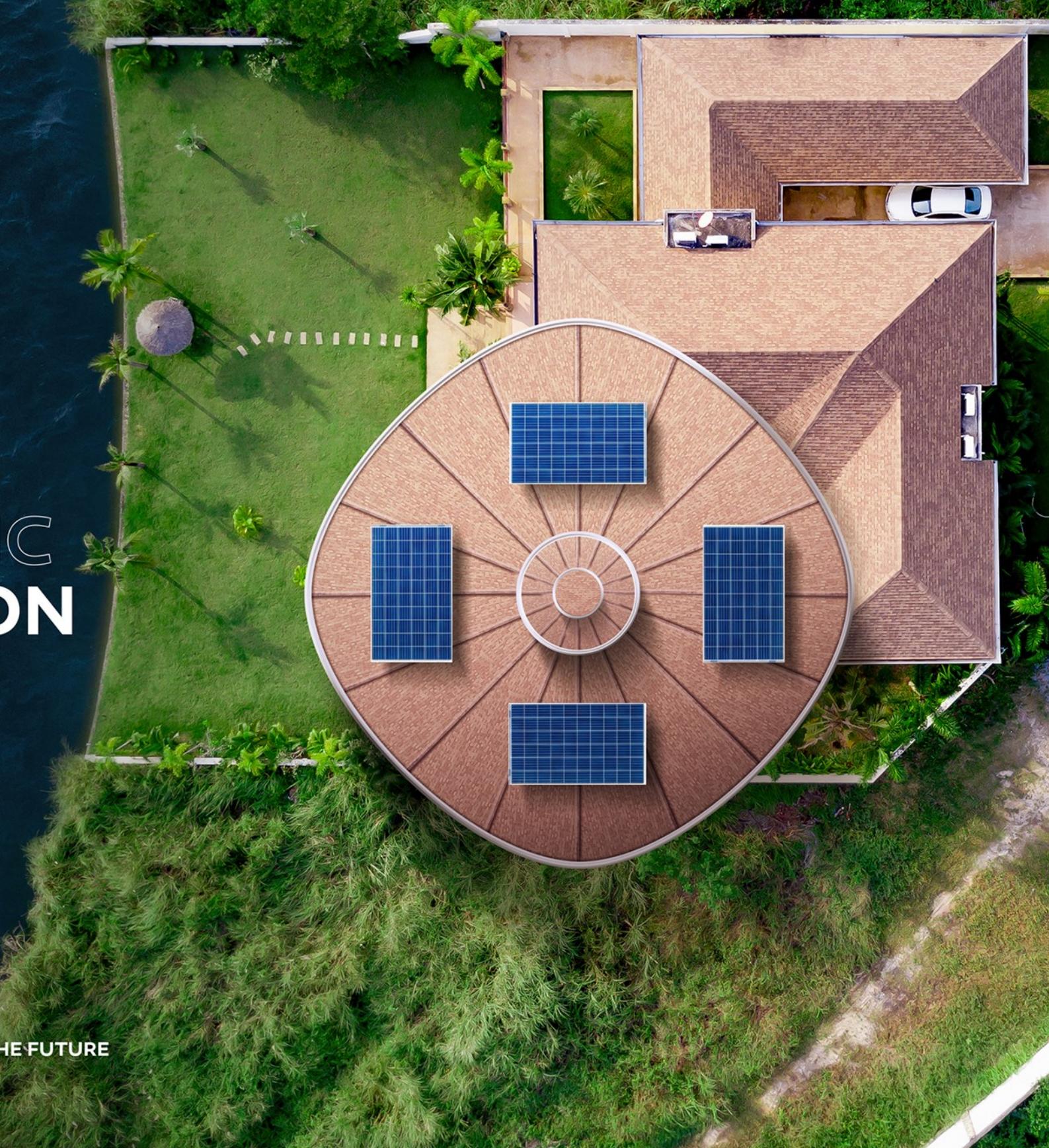
Galp has defined a methodology that allows the Company to obtain an overview of its main risks, classifying them according to their materiality, characterizing them in a comprehensive and robust manner, assessing the probability of occurrence, quantifying their potential impact (in financial results, shareholder value, business continuity, environment, reputation, quality, health and safety, and human capital dimensions) in each business unit or corporate area, integrating them, and identifying, when appropriate, effective mitigation measures.

Galp has also been working on identifying climate-related risks, considered as strategic risks for the Company. From 2021, these risks are assessed for all business units and geographies on an annual basis using scenario-based modelling. This procedure aims to assess the resilience of the Company's strategy to different climate scenarios and integrate the most relevant associated risks in the risk management framework.

Galp's main & emergent risks are shown below, based on their criticality in terms of "probability x impact".



STRATEGIC EXECUTION



3.1 2021 highlights

Presenting a refreshed strategy to reshape the Portfolio, refresh Relations and reenergise People

Galp's aim is to thrive through the energy transition, continuing to deliver growth from one of the most efficient portfolios in the industry, whilst progressively transforming its activities in alignment with the energy transition.

We aim to have a more electrified, diversified and decarbonised global portfolio, offering a combination of long-term growth and value opportunities in the energy sector. Please find more details of our strategy ([link here](#)).

In that context, Galp established a new purpose, to "Regenerate the Future Together!", as we look forward to regenerating the future and our energy portfolio, as we refresh our relationship with society, and as we reenergise our talent. Find out more of Galp's purpose ([link here](#)).

Aiming to carbon neutrality by 2050

Galp is aiming to become a net zero emissions Company by 2050, with intermediary absolute and carbon-intensity reduction ambitions by 2030. For additional information regarding carbon reduction targets, see our website ([link here](#)).

The decarbonisation strategy will be based on pursuing opportunities for sustainable growth, namely in the renewables, biofuels, green hydrogen and e-mobility spaces.



Taking FID on Bacalhau development

Galp and its partners have made the Final Investment Decision to develop phase one of the project, located in the Brazilian pre-salt. The estimated overall investment for the project is approximately \$8 bn.

The Bacalhau project is considered one of the most promising assets in the pre-salt of the Santos basin, given its estimated low breakeven and low-carbon intensity, which will significantly contribute to Galp's Upstream growth.

Submitting an updated Development Plan for Tupi and Iracema fields

The BM-S-11 consortium has submitted an updated Integrated Plan of Development (PoD) for the Tupi and Iracema fields to the National Petroleum, Natural Gas and Biofuel Agency (ANP). This submission includes a set of identified actions aimed at maximising the value creation from the Tupi and Iracema fields, identifying additional development projects, of low breakeven prices, which will increase the fields' total recoverability.

3.1 2021 highlights

Starting production on Galp's 12th FPSO in the Brazilian pre-salt

FPSO Carioca has started production in the Sépia field in the pre-salt region of the Santos basin in Brazil. This is the 12th unit installed in the Brazilian pre-salt region where Galp has a participation.



Expanding e-mobility footprint and launching new concept store

Galp reinforced its leading position in Portugal and more than doubled the number of charging points in operation in Iberia, with a total of 1,186 points, also driven by the Mobilelectric acquisition.

In addition, Galp launched the first new concept hub in Lisbon, a store exclusively dedicated to non-fuel products and services, strengthening the positioning of the Galp brand.



Decarbonising Sines and transforming it into a green energy hub

The Company announced its ambition to transform the Sines industrial site into a green energy hub, improving its energy efficiency and expanding the products to a lower carbon offer.

Galp also announced its target to reduce its industrial operational emissions (scopes 1 & 2) by 50% by 2030 (vs. 2017). At the end of 2021 Galp had already reduced 30% of 2017 operational emissions.

The expansion of advanced biofuel production through the installation of a Hydrotreated Vegetable Oil (HVO) unit and the incorporation of opportunities related to green hydrogen will be important steps in this transition.

Advancing with the development of green hydrogen projects

Galp moved forward with the development of two 100 MW green hydrogen projects to accelerate the decarbonisation of its Sines Energy Hub.

Already in 2022, the Company expects the FID for the construction of the first green hydrogen pilot in Sines of 2 MW in order to accelerate its learning curve.

3.1 2021 highlights



Expanding its Renewables portfolio, entering the Brazilian market and reinforcing its position in Spain

Galp continued its renewable strategy execution, increasing its total gross capacity to c.4.7 GWp, including c. 1 GW of projects already under production, with the remaining under construction or being developed.

Galp entered the Brazilian sizeable renewables market, agreeing to acquire and develop projects of 594 MWp of solar PV capacity at the early stages of development. With the deal, Galp gained access to high-quality assets in a country where the Company has been present for more than 20 years.

We also reinforced our position in Spain, with the acquisition of nearly 400 MWp of new solar PV capacity under development.

Establishing partnerships towards the creation of a battery value chain in Portugal

Galp and Northvolt have established a joint venture (JV) company, Aurora, as a steppingstone for the development of an integrated lithium battery value chain in line with Portuguese and European ambitions.

The JV's main goal is to establish Europe's most sustainable integrated lithium conversion plant, by developing a plant designed to have an initial annual production capacity of up to 35,000 tons of battery-grade lithium hydroxide.

The JV will also continue to explore other business opportunities along the value chain and is committed to adopting the most environmentally sound approaches throughout all activities.

Maintaining recognition as a leader in sustainable practices

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

In the Dow Jones Sustainability Index, for the first time, the Company was considered the most sustainable Company in the world in its sector.

During the year, Galp also confirmed its triple-A rating (AAA) at MSCI and reached the 7th position out of 48 integrated Oil & Gas companies assessed by Sustainalytics.

For more information about the recognitions awarded to Galp in 2021, please see our website ([link here](#)).

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



SUSTAINALYTICS



MSCI
ESG RATINGS

AAA


EURONEXT
(Euronext Eurozone
ESG Large 80 Index)


FTSE4Good



Corporate ESG
Leader by
ISS ESG®
Primo



CDP
Climate Change
2021
Leader

3.2 Upstream

2021 Highlights

- During 2021, the working interest (WI) production was 127 kboepd, a decrease of about 3% when compared to the previous year, which reflects the slightly lower contribution due to higher maintenance activities and operational limitations on the more mature projects in Brazil and Angola.

127 kboepd
Average WI production

10.3 kgCO₂e/boe
Carbon Intensity

1.6 \$/boe
Production Costs

2.2 bn boe
2P Reserves
and 2C Resources

- Galp and its partners have made the Final Investment Decision to develop phase one of the Bacalhau project, located in the Brazilian pre-salt. The estimated overall investment for the project is approximately \$8 bn.
- FPSO Carioca has started production in the Sépia field in the pre-salt region of the Santos basin in Brazil. This is the 12th unit installed in the Brazilian pre-salt region where Galp has a participation.
- The BM-S-11 consortium has submitted an updated Pod for the Túpi and Iracema fields to ANP. This submission includes a set of identified actions aimed at maximising the value creation from the Túpi and Iracema fields, identifying additional development projects, of low breakeven, which will increase the fields' total recoverability.

The new framework for the natural gas market liberalisation in Brazil has opened marketing opportunities for Galp, with contracts already established for Galp to expand its presence along the gas value chain in the country, starting in 2022.

Main indicators

	2020	2021
Reserves 1P (mboe)	385	410
Reserves 2P (mboe)	700	712
Reserves 1C (mboe)	525	417
Reserves 2C (mboe)	1,720	1,521
Average working interest production ¹ (kboepd)	130	127
Average net entitlement production ¹ (kboepd)	128	125
Carbon intensity in Upstream ² (kgCO ₂ e/boe)	9.9	10.3
Oil and gas realisations - diff. for Brent (\$/boe)	(5.6)	(8.5)
Production costs (\$/boe)	2.4	1.6
DD&A ³ (\$/boe)	14.6	14.0
RCA Ebitda (€m)	1,111	2,020
RCA Ebit (€m)	407	1,434
OCF (€m)	749	1,527
Investment (€m)	326	616

Note: unit values based on net entitlement production.

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

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

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

3.2 Upstream

Development of reserves and resources

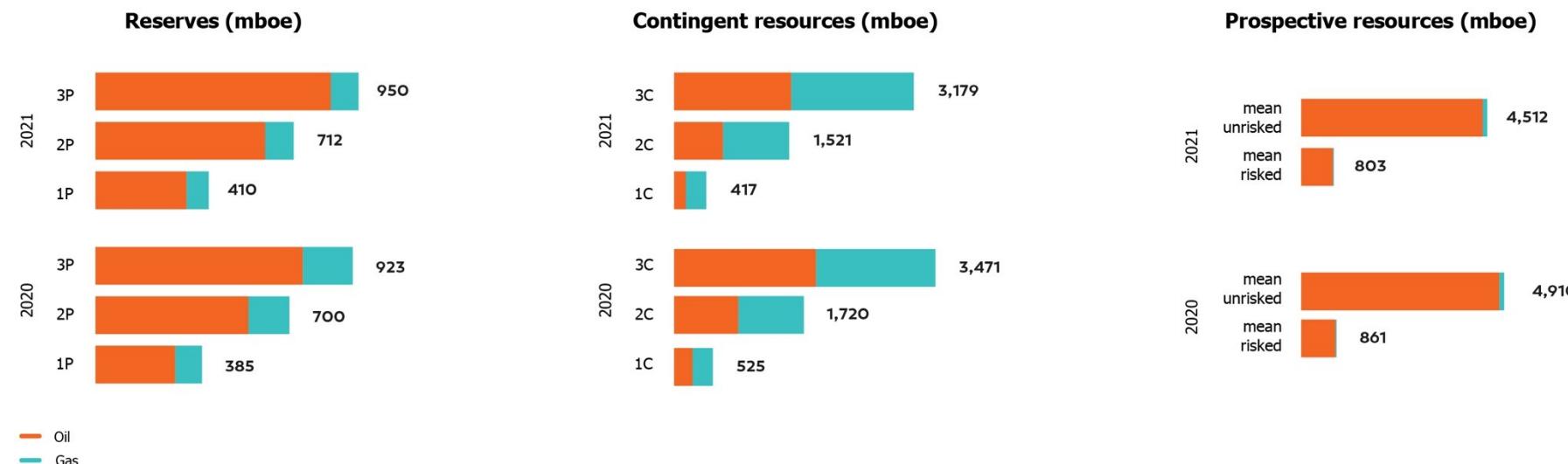
Bacalhau Final Investment Decision (FID) allowed Galp to high-grade its reserves & resources, more than offsetting the production in the period, increasing 1P reserves by 7% YoY.

2P reserves increased 2% YoY, to 712 mboe, mainly reflecting the Bacalhau FID made in 2021, although partially offset by production in the period and natural gas downwards revision, now tied with existing commercial contracts. Natural gas reserves represent 14% of current 2P reserves.

2C contingent resources stand at 1,521 mboe, 11.5% lower YoY, mainly due to portfolio restructuring, relinquished assets and the promotion of some Bacalhau field resources to reserves. Natural gas resources account for 57% of current 2C resources, mainly attributable to Mozambique.

Proven and probable reserves (2P), together with 2C contingent resources, amounted to 2.2 bn boe.

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



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

3.2 Upstream

Production overview for 2021

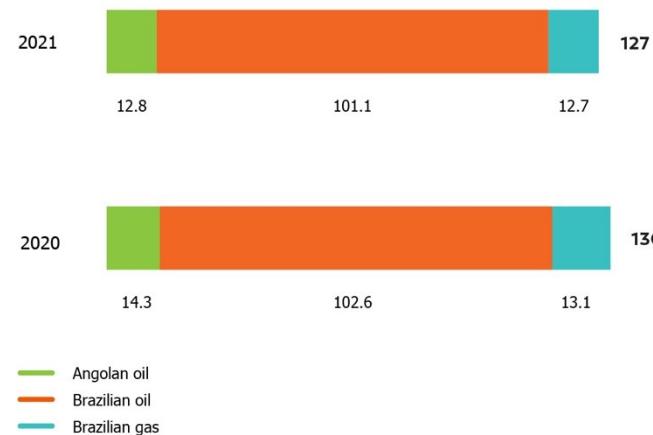
WI production was 127 kboepd, which represented a contraction of 3% when compared to 2020, reflecting the plateau stage of the most relevant projects, as well as operational and logistic constraints during the period, partially offset by the start of production of Sépia and the ramp-up of Atapu and Berbigão & Sururu areas.

Natural gas production remained steady at around 10% of total production, exclusively related with associated gas from the projects in Brazil. The contribution of natural gas is expected to increase in 2022, with the start of production of the Coral FLNG project, in Mozambique.

In Brazil, WI production was 113.8 kboepd. During the period, the Atapu unit in Brazil completed its ramp-up, while the Berbigão & Sururu unit continued to increase its production. The start of production of the FPSO Carioca in August, marked the beginning of Sépia's accumulation development, being Galp's twelfth unit in the Brazilian pre-salt area.

In Angola, WI production was 13 kbpd, a decrease of c.11% YoY, reflecting production constraints in the Kaombo North area, in block 32, and the natural decline of production in Block 14.

Working interest production (kboepd)



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

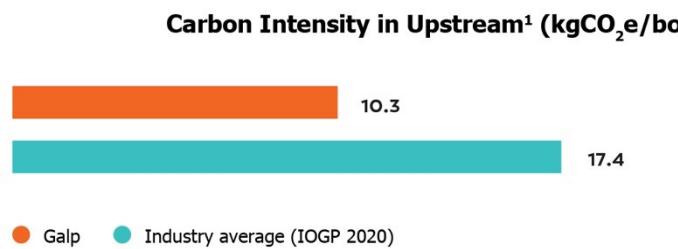
Galp's Upstream growth profile will continue, with a 25% expected increase in production in 2025, when compared to 2021, mainly supported by the Bacalhau project, highlighting the efficient and resilient portfolio.

3.2 Upstream

Galp's Upstream Portfolio

Galp has 28 upstream projects at different states of maturity, ranging from exploration to production and located mostly in deep waters. The most relevant projects include the development of the BM-S-11 block in the Brazilian Santos basin, where one of the world's largest oil discoveries in recent decades is located, major natural gas discoveries in the Rovuma basin in Mozambique, and developments in the Congo basin in Angola.

Galp's Upstream enviable position is recognised by its low-cost base combined with its low carbon intensity, at almost half of the industry's average



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

Commitment to energy transition

Galp's growth profile is based on a distinct Upstream portfolio, with resources that are characterised by its high sustainability, namely considering the low production costs and the lower carbon footprint. The competitiveness of these developments enables a carbon intensity of 10.3 kgCO₂e/boe, well below the industry average of 17.4 kgCO₂e/boe (source: International Association of Oil and Gas Producers (IOGP) 2020), thus promoting a sustainable and value-based approach.

3.2 Upstream

Brazil

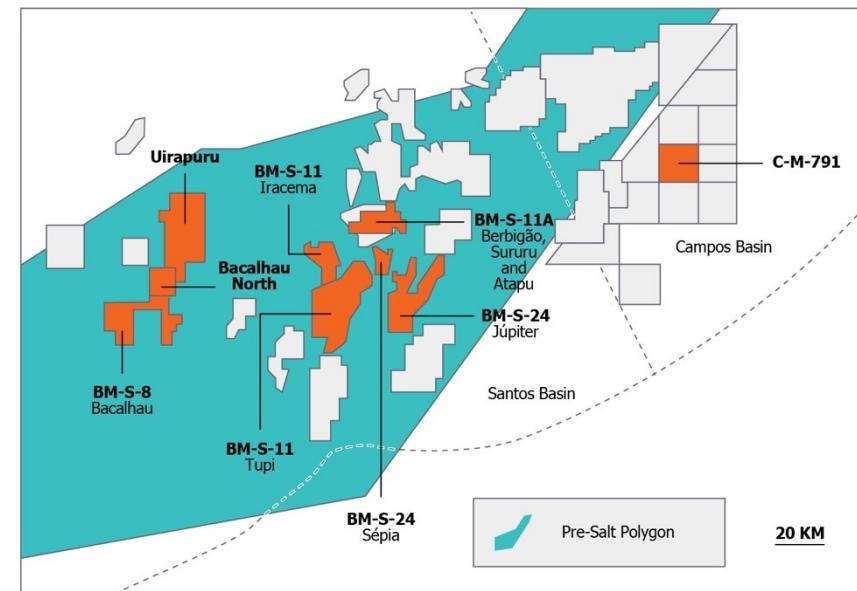
Offshore

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

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



Galp's brazilian offshore portfolio



3.2 Upstream

Producing units in the pre-salt in the Santos basin

Galp started production in the pre-salt in 2010, through the FPSO Cidade Angra dos Reis allocated to the area of Tupi Pilot. By the end of 2021, Galp had 12 operating FPSO units, seven of which in the Tupi accumulation, two in the Iracema, one developing the Berbigão & Sururu accumulations, another in the Atapu field and finally one allocated to the Sépia project.

Unit	Designation	Location	Oil Natural Gas Capacity	Production Start	Ramp-up	Plateau since	Galp's stake
FPSO #1	Cidade Angra dos Reis	Tupi Pilot	100 kbpd 5 mm ³ /d	Oct. 2010	19 months	Apr. 2012	9.2%
FPSO #2	Cidade de Paraty	Tupi North East	120 kbpd 5 mm ³ /d	Jun. 2013	15 months	Aug. 2014	9.2%
FPSO #3	Cidade de Mangaratiba	Iracema South	150 kbpd 8 mm ³ /d	Oct. 2014	13 months	Oct. 2015	10.0%
FPSO #4	Cidade de Itaguaí	Iracema North	150 kbpd 8 mm ³ /d	Jul. 2015	13 months	Jul. 2016	10.0%
FPSO #5	Cidade de Maricá	Tupi Alto	150 kbpd 6 mm ³ /d	Feb. 2016	10 months	Nov. 2016	9.2%
FPSO #6	Cidade de Saquarema	Tupi Central	150 kbpd 6 mm ³ /d	Jul. 2016	11 months	May 2017	9.2%
FPSO #7	P-66	Tupi South	150 kbpd 6 mm ³ /d	May 2017	11 months	Mar. 2018	9.2%
FPSO #8	P-69	Tupi Extreme South	150 kbpd 6 mm ³ /d	Oct. 2018	10 months	Jul. 2019	9.2%
FPSO #9	P-67	Tupi North	150 kbpd 6 mm ³ /d	Feb. 2019	18 months	Jul. 2020	9.2%
FPSO #10	P-68	Berbigão and Sururu	150 kbpd 6 mm ³ /d	Nov. 2019	Ongoing	-	10.0% ¹
FPSO #11	P-70	Atapu	150 kbpd 6 mm ³ /d	Jun. 2020	14 months	Jul. 2021	1.7%
FPSO #12	Carioca	Sépia	180 kbpd 6 mm ³ /d	Aug. 2021	Ongoing	-	2.4%

¹ Subject to approval of the unitisation agreement.

3.2 Upstream

Production and development in Brazil

Tupi and Iracema

The Tupi and Iracema projects started production in 2010, through the Tupi Pilot area, and contribute the most to Galp's production. From inception to date, nine production units have been installed in these accumulations, with a combined capacity to process up to 1.3 mbbl of oil and 56 million m³ of natural gas per day, having delivered more than 2.5 bn boe of accumulated production so far.

By the end of 2021, 132 wells (72 producers and 60 injectors) were drilled, out of the 149 wells planned. Currently, 125 wells are connected to the installed FPSO units.

Partners are committed to maximise the value extraction from their assets, optimising operations and increasing the recoverability of the discovered resources.

In late 2021, Galp, together with its partners, submitted an updated PoD for the Tupi and Iracema fields to ANP. This submission includes a set of identified actions aimed at maximising the value creation from the Tupi and Iracema fields, identifying additional resources of low breakeven prices, which will increase the fields' total recoverability.

The updated PoD will now be subject to ANP's evaluation and approval, with its content to be detailed once this process is completed.

This submission is another relevant milestone in the execution of Galp's Upstream strategy and aligned with the Company's capital allocation guidelines, targeting additional value enhancement and sustainable development

opportunities in these two core assets, which are among the largest and most productive offshore fields in the industry.

Berbigão, Sururu and Atapu

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

The Berbigão and the western flank of Sururu accumulations are under development through the FPSO P-68, which is in the ramp-up phase. At the end of 2021, the unit had six producing wells connected, out of a total of 10 planned. It also had two injector wells connected, out of the seven planned.

The FPSO P-70, in the Atapu accumulation, started production in 2020, and, by the end of 2021 was producing at plateau, with only four producing wells connected, out of a total of eight planned.

The drilling campaign in the three accumulations is proceeding according to plan, with 15 producing wells and 10 injection wells already drilled by the end of 2021, out of the 33 wells planned.

In the Sururu area, Galp and its partners continued to study the subsurface of the accumulation, and the Sururu Main RDA (Reservoir Data Acquisition) well was drilled in 2020 with the goal of reducing volumetric uncertainty and improving the development concept of the area. An EWT (Extended Well Test) is ongoing, producing through FPSO P-68 since June and providing important data for reservoir study.

3.2 Upstream

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

In late 2021, ANP hosted the second bid round for the surplus volumes of the ToR of Sépia and Atapu areas, having awarded the Atapu rights to the consortium composed of Petrobras, Shell and TotalEnergies. Galp's stake in the project remained unchanged at 1.7%.

Preventive maintenance for production optimisation

Within the scope of the ANP's RD&I regulation, Galp, in partnership with Simeros and Petrobras, is developing a modular system – PipeACOM – capable of mitigating the accelerated consumption of the operational life of flexible lines. The project stands out for its agility in qualifying the technology with a pilot being tested by Petrobras pre-salt operations. The innovative and disruptive character of the technology was recognised by the ANP's 2020 Awards, which were presented in 2021.

Bacalhau

The Bacalhau project extends through blocks BM-S-8 and Bacalhau North, with Galp holding a 20% stake in both.

In 2021, Galp and its partners made the Final Investment Decision to develop phase 1 of the Bacalhau field. The total investment for this phase is estimated at c.\$8 bn.

The Bacalhau project is considered one of the most promising assets in the pre-salt of the Santos basin due to the high-pressure conditions of the reservoir and its high-quality resources. It is a highly competitive and sustainable project, both in economic and environmental terms, with phase 1 having an estimated NPV₁₀ breakeven well below \$35/bbl and a carbon intensity below 9 kgCO₂e/boe.

The development of phase 1 will consist of 19 subsea wells tied back to an FPSO located at the field. This will be one of the largest FPSOs in Brazil with a production capacity of 220,000 barrels per day and two million barrels in storage capacity. The stabilised oil will be offloaded to shuttle tankers and the gas will be re-injected in the reservoir.

A Reservoir Data Acquisition (RDA) well is expected to be drilled in the first half of 2023 and will help further define the Bacalhau Phase 2 project. Recently, an Ocean Bottom Node (OBN) seismic campaign has been completed and is being processed for further appraisal of the area.

The Bacalhau project will significantly contribute to Galp's continued competitive Upstream growth.

3.2 Upstream

Sépia

Galp has a small stake in the Sépia project, which started production last August, through FPSO Carioca, located approximately 200 km off the coast of the state of Rio de Janeiro, at a water depth of 2,200 metres. The unit, chartered from Modec, has a daily processing capacity of up to 180,000 barrels of oil and 6 million m³ of natural gas, being the largest operating unit in the Santos Basin in terms of complexity, contributing to Galp's expected growth in production.

The offloading of the oil production will be carried out by shuttle tankers, while the gas production will be exported through the pre-salt gas pipelines.

The drilling campaign is proceeding according to plan, with seven producing wells and four injection wells already drilled by the end of 2021, out of a total of 15 planned wells. Currently, three producer wells are connected to the installed FPSO.

In late 2021, ANP hosted the second bid round for the surplus volumes of the ToR of Sépia and Atapu areas, having awarded the Sépia rights to the consortium composed of Petrobras, TotalEnergies, Petronas and Qatar Petroleum. Galp's stake in the project remained unchanged at 2.4%.

Exploration and appraisal in Brazil

Júpiter

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

The results from the DST performed in 2020 reinforced the potential of the Júpiter reservoir, with high added value condensate sample, and Galp and its partner are committed to continuing development studies for the discovery.

During 2021, the partners continued the technological development studies and the analysis of additional assessment activities in order to support the project's conceptual solution.

Block C-M-791

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

In 2019, the consortium started an exploration program with the acquisition of around 2,800 km² of 3D seismic in the region, more than covering the area of block C-M-791. The data was processed leading to the identification the Bob prospect, with drilling activities of this exploratory well having started in early 2022.

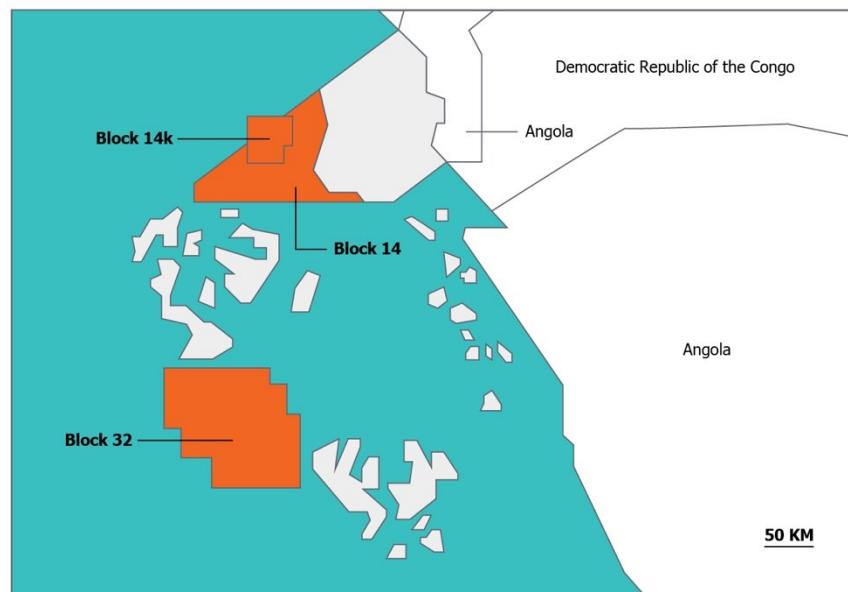
3.2 Upstream

Angola

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



Galp's Angolan Projects



Block 32

The Kaombo project, in block 32, is located in an ultra-deepwater area of the Angolan offshore and its development is expected to recover around 630 mbbl of oil through two FPSO units.

The consortium continues to work to optimise oil recovery and maximise value extraction, through the execution of a well campaign focusing on drilling of remaining Field Development Plan (FDP) & approved pop-up wells, enhancing production efficiency with reservoir management, and continuing evaluating potential upsides.

At the end of 2021, the consortium had drilled and delivered 47 wells from the 62 planned for the development of the Kaombo field.

Block 14/14k

Galp and its partners are continuously focused on optimising the efficiency and costs of block 14/14k, given the current state of natural decline of the field. Recently the consortium executed with the Angolan energy sector regulator (ANPG) a Heads of Agreement and PSA amendment, leading to the unification of the development areas of Kuito, Benguela-Belize-Lobito-Tomboco (BBLT) and Tomboia-Landana (TL), enhancing the economics of the projects through an increase in cost oil.

This agreement extends the Block 14 economic limit until end of licence, allows the continuity of the infill drilling campaign in place and increases the recoverable costs amount, through a higher Cost Oil rate.

3.2 Upstream

Mozambique

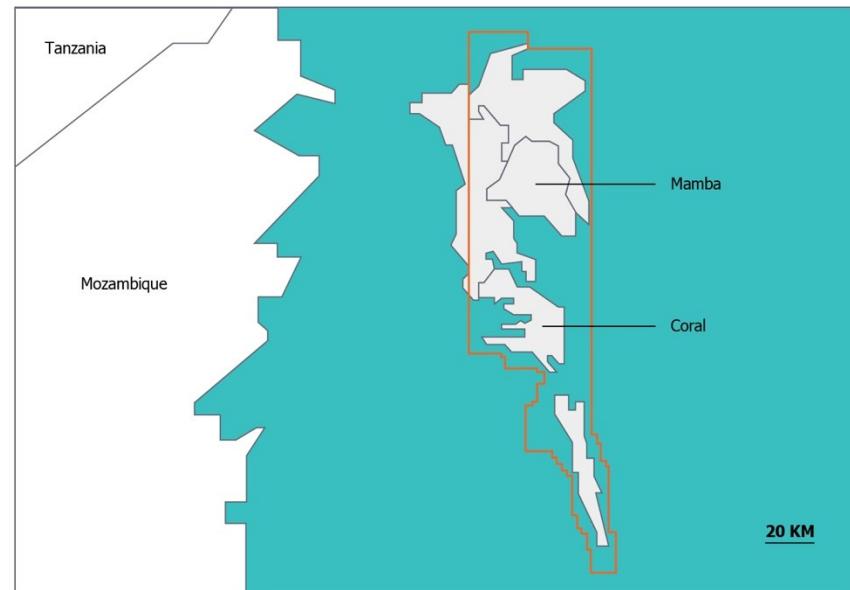
Natural gas will play a key transitional role to a lower-carbon economy, and the discoveries in the Rovuma basin will enable Mozambique to become one of the world's leading natural gas suppliers.

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

The development of Area 4, in the Rovuma basin, includes the Floating Liquified Natural Gas (FLNG) Coral Sul offshore project and the Rovuma Liquified Natural Gas (LNG) onshore project.



Galp's Mozambican Projects



3.2 Upstream

Coral South

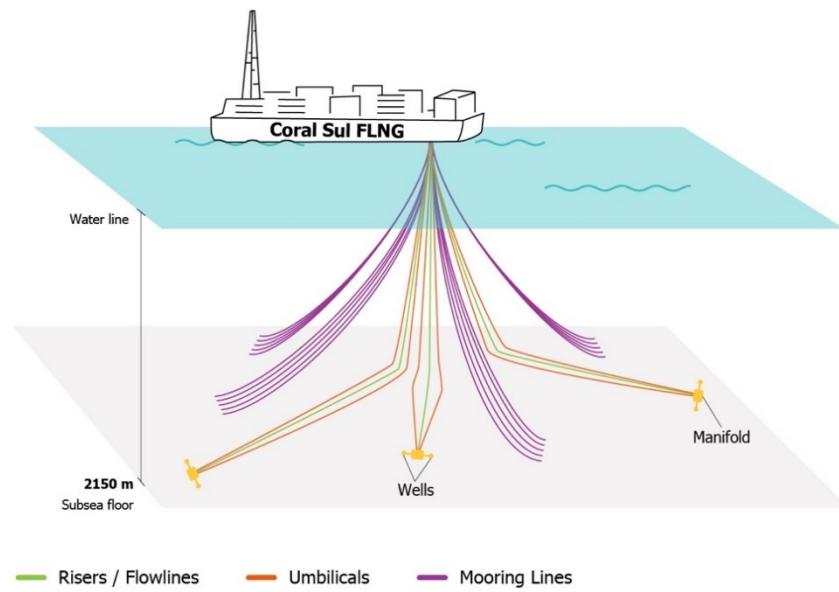
After being sanctioned in 2017, the Coral South project will be the first development of the large-scale natural gas resources of Area 4.

The Coral discovery, located entirely in at Area 4 concession, is defined by a reservoir with approximately 16 tcf of gas in place. The project consists in a Floating Liquified Natural Gas (FLNG) unit to be connected to the southern region of the Coral discovery, with a processing capacity of about 3.4 mtpa of LNG.

The construction of the FLNG started in 2018, with a controlled execution which led to the unit sail away from South Korea in November 2021, as per plan and despite the pandemic scenario. The FLNG arrived in Mozambique in January 2022, mooring and offshore commissioning activities are currently ongoing. First gas planned for the second half of 2022.



Coral South FLNG project Development Concept



3.2 Upstream

Rovuma LNG

The development of the Rovuma basin project is one of the most competitive green field developments in the world, benefiting from Mozambique's privileged geographical position, the quality of the gas and the proximity of the discoveries to shore.

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

Currently, the Area 4 Joint Venture is focused on optimising the development concept and evaluating options to ensure the robustness of the project.

The consortium is equally evaluating potential synergies and closely monitoring the security situation in-country.

3.2 Upstream

São Tomé and Príncipe

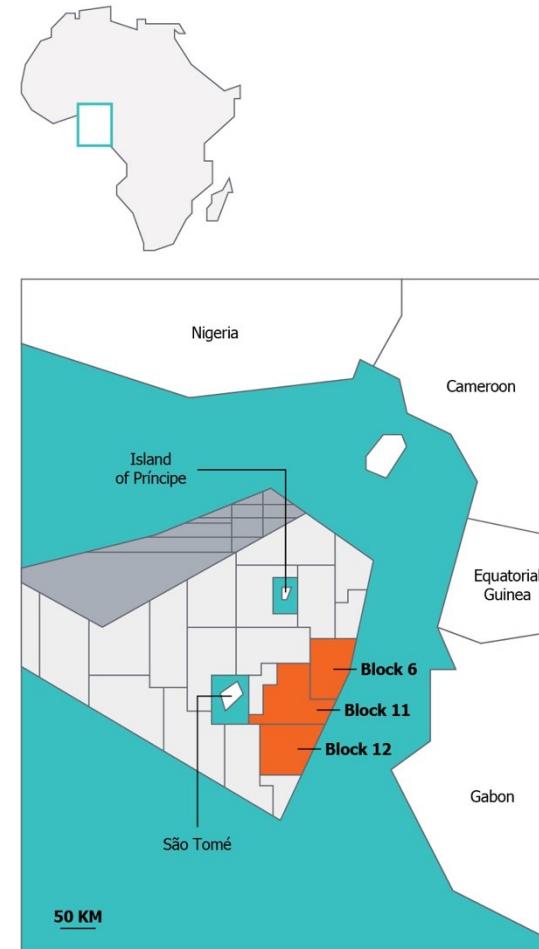
Galp's exploration portfolio in São Tomé and Príncipe currently includes three offshore blocks, namely Blocks 6 and 12, where Galp is the operator with 45% and 41% participating interest, respectively, and block 11, in which the Company holds a 20% participating interest.

Following the geological and geophysical studies carried out on Block 6, Galp and the other partners have identified a drill-worthy prospect, which will be the first exploratory well in São Tomé and Príncipe. The well, known as Jaca, will be spud in 2022, and its results will be central to proving the play's potential and determine any subsequent appraisal strategy.

Support to the community

Galp's aim is to make a positive impact on the communities where it is present and is funding a school refurbishment in the town of Madalena in São Tomé and Príncipe, including the building of a new sports infrastructure.

This social investment will impact the daily life of approximately 600 children and surrounding communities.



3.2 Upstream

Current



Current



Project



Project



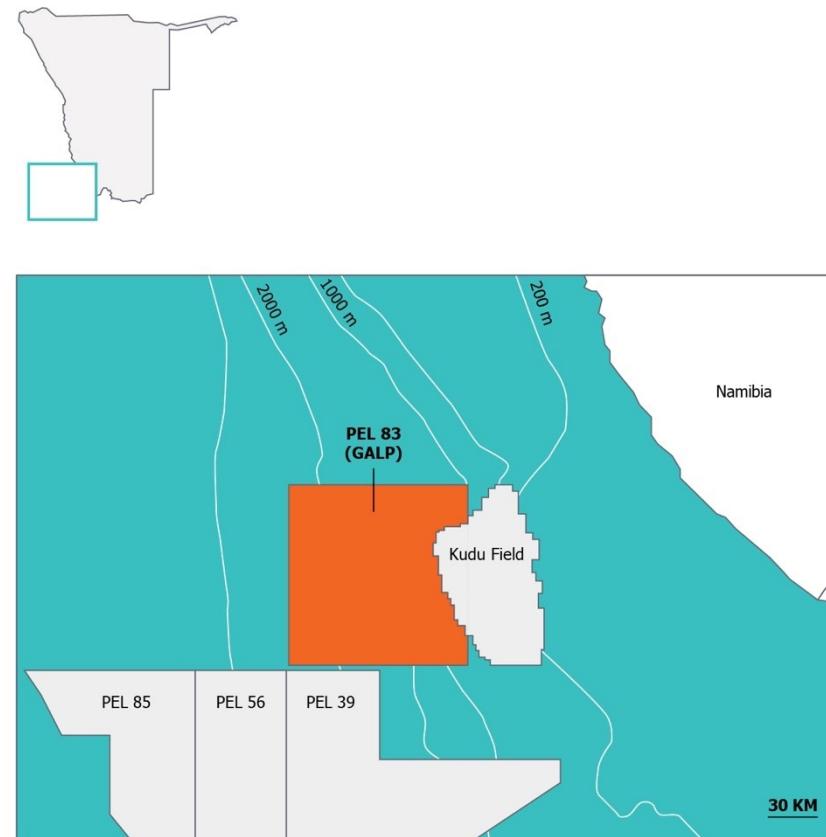
3.2 Upstream

Namibia

Galp's exploration Assets in Namibia consist of Petroleum Exploration Licence No 83 (PEL83) which covers an area of almost 10,000 km² in the Orange Basin in the southern part of Namibia's offshore waters near to the border with South Africa. The Company holds an 80% working interest in the Licence along with the Namibian State Oil Company, Namcor (10%), and local Namibian Independent Oil Company, Custos Energy (10%).

The Licence was first awarded in September 2017, for an initial exploration period of 4 years. During this period, Galp acquired 3,000 km² of high-quality 3D seismic data which was used to identify and map a number of interesting leads and prospects. In September 2021 the PEL83 Joint Venture Partners agreed to enter the next 2-year exploration period and are currently planning for the next phase of exploration activity.

Recent nearby oil discoveries made by both the Graf-1 well drilled by Shell and Venus-1 well drilled by TotalEnergies have proven the presence of a working petroleum system in the Orange Basin and PEL83 is well situated immediately to the north of these discoveries.



3.2 Upstream

Current Upstream project portfolio

Block(s)	Basin	Type	# Projects	Main Projects	Oil Properties		Phase	Partners
					API (°)	Sulphur (%wt)		
Brazil (via Petrogal Brazil, except Barreirinhas)								
BM-S-11	Santos	Ultra-deepwater	1	Tupi	27-34	<0.5	Development & Production	Galp 9.2% Petrobras 67.2% (op.) Shell 23.0% PPSA 0.6%
BM-S-11	Santos	Ultra-deepwater	1	Iracema	28-32	<0.5	Development & Production	Galp 10% Petrobras 65% (op.) Shell 25%
BM-S-11A	Santos	Ultra-deepwater	1	Berbigão	25-28	<0.5	Development & Production	Galp 10% Petrobras 42.5% (op.) Shell 25% TotalEnergies 22.5%
BM-S-11A	Santos	Ultra-deepwater	1	Sururu	24-29	<0.5	Development & Production	Galp 10% Petrobras 42.5% (op.) Shell 25% TotalEnergies 22.5%
BM-S-11A	Santos	Ultra-deepwater	1	Atapu	27-29	<0.5	Development & Production	Galp 1.7% Petrobras 65.7% (op.) Shell 16.7% TotalEnergies 15.0% PPSA 1.0%
BM-S-8	Santos	Ultra-deepwater	2	Bacalhau	30-32	<0.5	Development	Galp 20% Equinor 40% (op.) ExxonMobil 40%
Bacalhau North	Santos	Ultra-deepwater	1	Bacalhau North	30-32	<0.5	Development	Galp 20% Equinor 40% (op.) ExxonMobil 40%
Uirapuru	Santos	Ultra-deepwater	1				Exploration	Galp 14% Petrobras 30% (op.) Equinor 28% ExxonMobil 28%
Sépia	Santos	Ultra-deepwater	1	Sépia	26-30	<0.5	Development & Production	Galp 2.4% Petrobras 55.3% (op.) TotalEnergies 16.9% Petronas 12.7% QP 12.7%
BM-S-24	Santos	Ultra-deepwater	1	Júpiter			Appraisal	Galp 20% Petrobras 80% (op.)
C-M-791	Campos	Ultra-deepwater	1				Exploration	Galp 20% Shell 40% (op.) Chevron 40%
BM-PEPB-783/839	Pernambuco-Paraíba	From deep to Ultra-deepwater	2				Exploration	Galp 20% Petrobras 80% (op.)
BAR-M-300/342/344/388	Barreirinhas	From shallow to Ultra-deepwater	4				Exploration	Galp 10% Shell 50% (op.) Petrobras 40%

3.2 Upstream

Block(s)	Basin	Type	# Projects	Main Projects	Oil Properties		Phase	Partners
					API (°)	Sulphur (%wt)		
Angola								
Block 14	Lower Congo	From shallow to Ultra-deepwater	1	TL Re-Demarcated	24-36	<0.8	Development & Production	Galp 9% Chevron 31% (op.) Sonangol 20% Eni 20% TotalEnergies 20%
Block 14k	Lower Congo	From shallow to Ultra-deepwater	1	Lianzi	35-37	<0.5	Development & Production	Galp 4.5% Chevron 31.25% (op.) TotalEnergies 36.75% Sonangol 10% Eni 10% SNPC 7,5%
Block 32	Lower Congo	Ultra-deepwater	2	Kaombo	26-32	<0.9	Development & Production	Galp 5% TotalEnergies 30% (op.) Sonangol 30% China Sonangol 20% ExxonMobil 15%
Mozambique								
Area 4	Rovuma	Ultra-deepwater	2	Coral Sul Rovuma LNG			Development	Galp 10% Eni 25% (op.) ExxonMobil 25% (op.) CNPC 20% Kogas 10% ENH 10%
Namibia								
PEL 83	Orange	From shallow to Ultra-deepwater	1				Exploration	Galp 80% (op.) NAMCOR 10% Custos 10%
S. Tomé and Príncipe								
Block 6	Rio Muni	Ultra-deepwater	1				Exploration	Galp 45% (op.) KE 25% Shell 20% ANP 10%
Block 11	Rio Muni	Ultra-deepwater	1				Exploration	Galp 20% KE 35% (op.) Shell 30% ANP 15%
Block 12	Rio Muni	Ultra-deepwater	1				Exploration	Galp 41.2% (op.) Equator 46.3% ANP 12.5%

3.3 Commercial

2021 Highlights

- Sales of oil products were 6.5 mton up 8% YoY, reflecting the demand recovery in Iberia from both B2C and B2B activities.
- Natural gas sales were 18.3 TWh, impacted by lower consumption levels, particularly in the B2B segment, while electricity sales were 4.2 TWh, 25% higher YoY.
- In electric mobility, Galp maintained its leadership position, more than doubling the number of Electric Vehicle charging points in operation, surpassing 1,000 points, also supported by Mobilelectric acquisition.
- Launching of the first new concept hub in Lisbon, a store exclusively dedicated to non-fuel products and services, strengthening the positioning of Galp's brand.
- Integration of Galp Solar and GowithFlow (Flow) within Commercial business, with Galp Solar reaching more than 4,000 clients and Flow securing contracts of over 8,000 mobility assets during the year.

6.5 mton
Oil product sales

22.5 TWh
Gas & Power sales

1,480
Service stations

1,186
Electric mobility
charging points

Main indicators

	2020	2021
Sales of oil products to direct customers (mton)	6.0	6.5
Natural gas sales to direct customers (TWh)	22.6	18.3
Electricity sales to direct customers (TWh)	3.3	4.2
Number of service stations	1,475	1,480
Number of convenience stores	856	862
Number of electric mobility charging points	544	1,186
RCA Ebitda (€m)	325	288
RCA Ebit (€m)	232	179
OCF (€m)	316	266
Investment (€m)	127	92

3.3 Commercial

Commercial

Galp's Commercial business provides a complete and integrated offer to its clients, ranging from oil products, gas, electricity to other convenience services. Maintaining a customer-centred approach at its core, our business offers solutions for companies and customers in the different geographies leveraging its strong position of Galp's brand in Iberia and in a selection of African countries.

The Company is actively adapting to new consumption patterns with a focus on offering products and services that are more sustainable and digital.

Safety

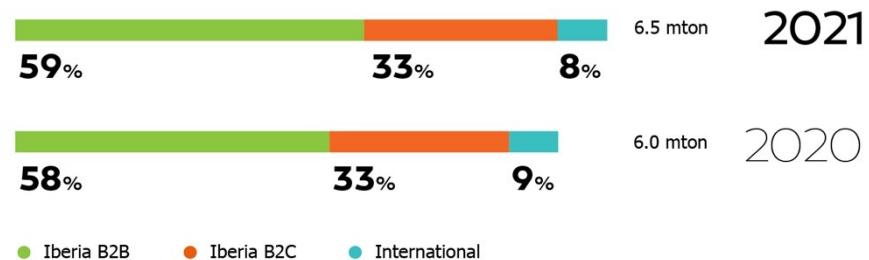
During 2021, Galp promoted several initiatives to improve the safety culture within the Commercial business. In Spain, the programme "Safety and Environment Olympics" was launched, which consisted of a quiz related to safety and environmental themes. This initiative had a strong adherence of c.80% of service stations and identified several improvements to be implemented. The Olympics are expected to be implemented in Portugal during 2022. "AQS Academy" was another programme launched in Portugal, which provides video training to all employees working at service stations, promoting the best standards on safety, environment and quality during a period of physical contact restrictions.

2021 Performance

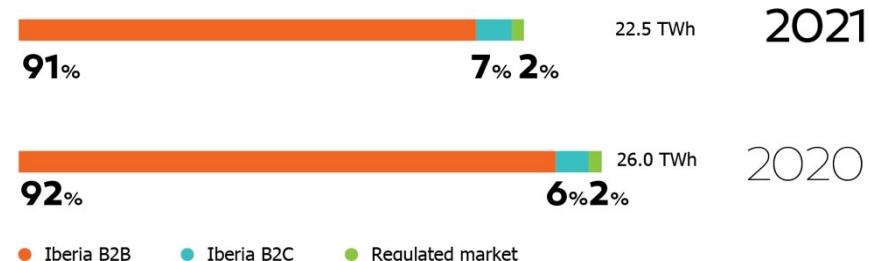
Oil product volumes sold to direct customers increased by 8% YoY to a total of 6.5 mton, following the higher demand during the period, given the slight recovery in Iberia as lockdown measures gradually eased during the year.

Sales of natural gas to direct customers amounted to 18.3 TWh, a decrease of 19% YoY, impacted by the lower contribution from the B2B segment, while electricity sales amounted to 4.2 TWh, 25% higher YoY.

Oil products sales



Gas & Power sales



3.3 Commercial

Business-to-consumer

On the road

Using the distribution network under Galp's brand, we offer oil products, electric mobility, new energies, non-fuel and convenience products, as well as diverse services to B2C clients.

By the end of 2021, Galp's retail network consisted of a total of 1,281 service stations in Iberia, 702 of which in Portugal. The Company also has 343 convenience stores in Portugal and 385 in Spain.

Regarding oil products, in 2021, Galp maintained its leadership in the Portuguese market and maintained a relevant position in Iberia, reaching a market share of c.28% in Portugal and c.4% in Spain.

Galp has been renovating and enhancing its network of stores and service stations, offering differentiated products and services, as well as prioritising and optimising customer experience. The Company aspires to convert more than 60% of its current retail network by 2026, with digitalisation playing a key role in the transition to expand the non-fuel offer.

New store concept hub in Lisbon

In 2021, Galp inaugurated a new store concept in Lisbon exclusively dedicated to non-fuel products, namely meals, basic grocery items and wellbeing products.

This project showcased very positive results with the average ticket value per client in this store increasing 15% in 2021, when compared to 2019.

Galp is closely monitoring and analysing the consumer behaviour and demand patterns in this store, collecting key data points to be deployed in the remaining network.



3.3 Commercial

Galp's non-fuel products and services contribution margin in 2021, already surpassed 2019 levels by c.5%. The Company will continue its efforts to enhance the non-fuel offering and expects to double this contribution by 2025.

We continue to invest in strong partnerships in the various market segments where we operate, improving cross-sales and differentiating Galp's brand as a service provider. During 2021, we continued to develop partnerships with online home delivery platforms, doubling the number of deliveries YoY, which amounted to over 125 thousand.

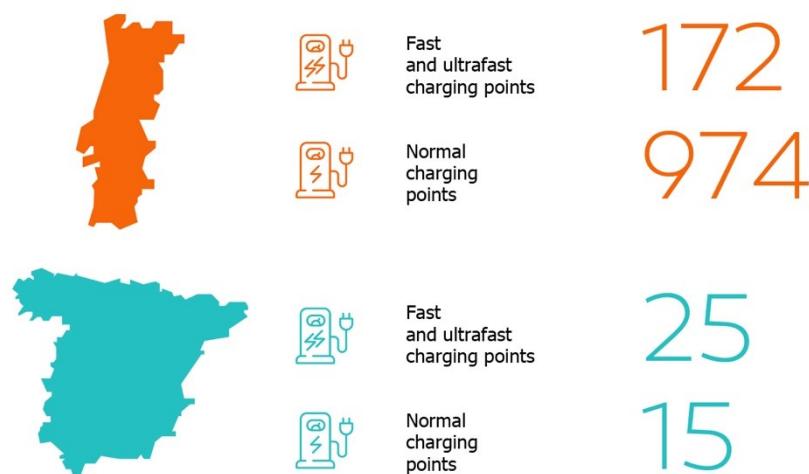
The customer base associated with loyalty programmes reached a total of around 2 million customers in 2021, mainly as a result of the partnership with the largest food retail group in Portugal, Sonae, and a new partnership developed in 2021 with the Portuguese airline TAP. In the Iberian retail segment, more than 40% of the oil product volumes sold are connected to loyalty programmes.

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

In electric mobility, the Company has a leading position in Portugal, with an electricity volume market share of around 22%. Through the Galp Electric card commercial offer, the Company provides energy, mobility solutions and services on the road and at home. During 2021, more than 12 thousand cards were issued.

During 2021, Galp supplied 3.4 GWh of electricity through its charging infrastructure, up 109% YoY. All the electricity supplied by Galp is green electricity, 100% produced from renewable sources.

In 2021, Galp more than doubled the number of operating charging points, surpassing 1,000 points in Iberia. Currently, the Company owns the largest network in Portugal with 1,146 points, of which 172 are Fast and Ultra-Fast Charging Points. The Company is also developing its network structure in Spain, with 40 charging points already installed.



During 2022, the Company will continue to focus on expanding its charging station network in Iberia, favouring new partnerships and installations in its service station network, but also identifying other locations, both on public and private locations.

The Company expects to have more than 10,000 operating charging points installed in Iberia by the end of 2025, with this business playing a relevant role in Galp's transition to a lower-carbon portfolio.

3.3 Commercial

Galp reinforced electric mobility leadership with Mobilelectric acquisition

In 2021, Galp acquired the entire share capital of Mobilelectric, one of the key operators in the electric mobility sector in Portugal, particularly in fast and ultra-fast electric charging.

With this acquisition, Galp added 280 charging points to its network in the short term, most of them already in operation, as well as a solid portfolio of planned charging points which will enable rapid growth prospects.



At home

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

Galp supplies natural gas and electricity to more than 560 thousand B2C customers in Iberia. The Company is one of the key players in the region, with a market share of c.23% in natural gas and c.6% in the electricity market in Portugal.

Galp's B2C customer base, excluding regulated market, increased 5% during 2021, mostly through the 3-minute app. This tool speeds up the acquisition of new customers in record time and in a completely digital way, which is available in Galp's service stations and resellers' spaces.

Galp's B2C customer base in Iberia

>560 Thousand

The environmental concern and the need for a sustainable energy transition is becoming increasingly relevant and is a core focus of Galp. As such, our offer only includes green electricity, 100% produced from renewable sources.

3.3 Commercial

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

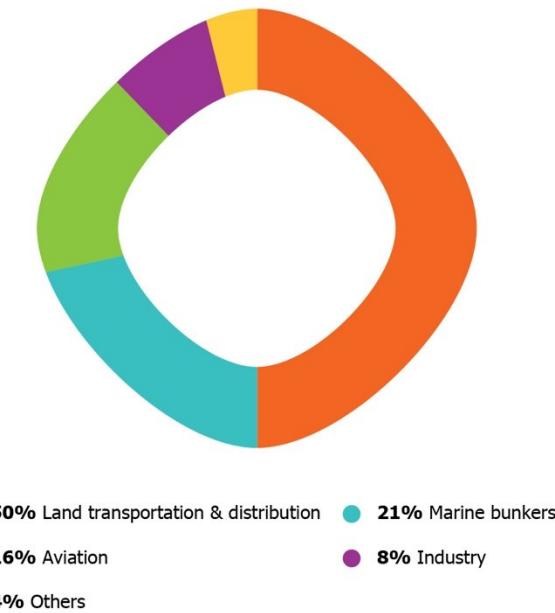
In Spain, Galp is present in the gas and electricity market through a 25% stake in a digital supplier, PODO, which currently has 92 thousand customers on a digital platform that allows the combined supply of gas, electricity and services in a more agile manner.

Business-to-business

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

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

**2021 Iberian oil products sales
in B2B segment**

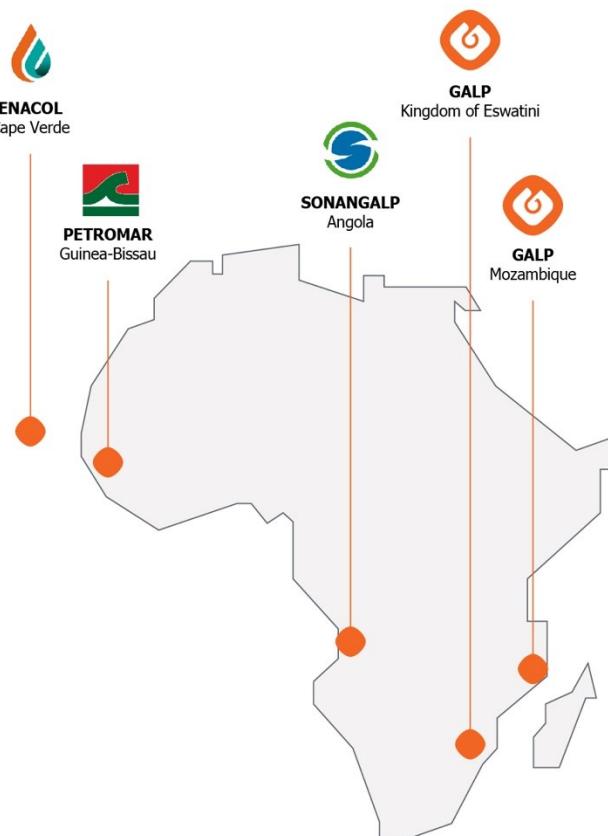


The Company has been promoting the creation of value for its customers by offering energy efficiency solutions, as well as technical services aimed at optimising and reducing energy consumption by installing more efficient equipment. In the B2B segment, Galp's offer includes auditing, training and energy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

3.3 Commercial

International

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



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

During the year, the Company maintained its network, with a total of 199 service stations and 134 convenience stores spread through five African countries. Galp maintains a relevant position in most of the African markets in which it operates.

During 2021, the Company extended its digital transformation programme to African countries, namely Mozambique, with new platforms that will be fundamental in managing data, improving customer relationships and optimising operational performance.

Galp completed the investments in the Mozambican logistics facilities, which consisted of the construction of two new logistical bases for the reception, storage and shipment of liquid fuels and LPG in Beira and Matola. The last milestone of the project was achieved with the inauguration of a filling line for LPG bottles in Matola. These assets are fundamental in supporting the regional activities of oil products in Mozambique. In addition, Galp will be able to extend its area of influence in this region of Africa, expanding its activities to neighbouring countries.

3.3 Commercial

Galp Solar decentralised solutions

Galp developed a decentralised renewable energy production solution, Galp Solar, based on smaller scale solar power generation systems and services aiming at maximising energy consumption and efficiency both to B2B and B2C segments.

This brand uses advanced technologies, such as satellite image analysis, artificial intelligence algorithms and big data, to optimise the acquisition and installation cost of decentralised solar panels, offering the solution that best suited to each customer's needs.

At the end of 2021, Galp Solar already has an installed capacity of c.13 MW, covering more than 4,000 clients in Iberia.

During the year, the brand also developed relevant projects on Galp's assets, making our service stations and refining activities more sustainable. At Galp's Sines refinery, Galp Solar is installing solar panels with a capacity of 21 MW, corresponding to 10% of our refinery electrical needs.

This brand aims to position Galp in the area of the energy transition, with an innovative digital approach. Going forward, the Company will seek the development of new products and services (e.g. batteries, EV chargers, home solutions) to capture the high potential of the Iberian market.

GoWithFlow

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

During 2021, GoWithFlow already established business development teams in the U.K. and Spain and has secured contracts with more than 8,000 mobility assets (vehicles and charging stations) to Flow Mobility Change Platform.

Galp is currently analysing the potential for expanding this business model to new geographies, developing technological partnerships and new sales channels.

3.4 Industrial & Energy Management

2021 Highlights

- Galp reorganised its Industrial & Energy Management unit following a transformational path, enlarging the scope beyond traditional refining and increasing integration with Energy Management.
- Galp's refining performance reflected the improvement of the international environment and planned and unplanned interventions executed throughout year, with Galp's refining margin increasing to \$3.3/boe.
- The Company announced its goal to transform the Sines industrial site into a green energy hub by 2030, improving its energy efficiency and expanding its operations towards lower-carbon products.
- Galp has committed to reduce its refining operational emissions (scope 1 & 2) by 50% by 2030 (vs. 2017), with relevant steps already taken and identified on the roadmap and with a c.30% reduction already achieved in 2021.
- Galp announced a new plan to transform Matosinhos site into a Sustainable Energies and Advanced Technologies hub.
- Advancing with the development of two 100 MW green hydrogen projects to accelerate the decarbonisation of the Sines energy hub;

77 mboe
Raw materials processed

15 mton
Oil products supply

67 TWh
NG/LNG Supply & Trading

-30 %
Refining emissions reduction
(Scope 1 & 2) vs 2017

Main indicators

	2020	2021
Raw materials processed (mboe)	87.1	76.6
Galp refining margin (\$/boe)	1.1	3.3
Refining cost ¹ (\$/boe)	2.6	2.0
Oil products supply (mton)	13.9	14.8
NG/LNG supply & trading volumes (TWh)	60.0	67.2
of which Trading (TWh)	14.6	31.6
Direct GHG emissions (tonCO ₂ e)	3,073,958	2,682,605
Total water consumption per treated feedstock (m ³ /ton)	0.68	0.71
Percentage of water reused	16%	15%
RCA Ebitda (€m)	113	64
RCA Ebit (€m)	(210)	(173)
OCF (€m)	(204)	98
Investment (€m)	76	67

Note: Following the decision to discontinue refining activities in Matosinhos, 2021 Industrial & Energy Management indicators exclude Matosinhos refining contribution. The 2020 figures were kept as reported, including Matosinhos' contribution.

¹ Excluding refining margin hedging Impact

3.4 Industrial & Energy Management

Galp's Industrial & Energy Management unit incorporates the refining, biofuels, logistics and cogeneration businesses under the Industrial segment, while Energy Management comprises the supply & trading activities of oil, gas and electricity.

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

Industrial

Galp owns the only operating refinery in Portugal, located in Sines, and also operates multiple maritime terminals and storage parks in Iberia.

The Sines refinery has a distillation capacity of approximately 226 kbpd and is a key asset for the Portuguese economy and one of the largest in Iberia. The conversion complexity and capacity, as well as the strategic advantage due to its coastal location and the deep-water port infrastructure in Sines, both for the supply of crude oil and the export of products, make this refinery highly competitive and well positioned to thrive through the challenges the sector faces ahead.

By the end of 2020 and after a rigorous assessment of alternatives, Galp decided to discontinue from 2021 onwards refining operations in Matosinhos, a 110 kbpd capacity refinery with lower complexity, following the structural changes to the consumption patterns of oil products, driven by the European regulatory context and the effects of the pandemic. Galp continued to supply the regional market, maintaining the access of the maritime terminal, storage and distribution facilities in Matosinhos and is currently assessing usage alternatives for the complex.

Already in 2022, Galp signed a cooperation protocol for the reconversion of the site occupied by Galp's refinery in Matosinhos. The development of an Innovation District and the allocation of part of the site for the construction of a university campus are two of the projects being evaluated under this protocol, which aims to promote the economic, social and environmental context of the entire Portugal northern region, positioning this initiative at the top of the world technology projects associated with sustainable energies.

Safety

Galp is developing a complete, integrated safety programme focused on our industrial facilities and based on two different dimensions:

- Safety culture, which aims to develop a culture of care and discipline in our industrial assets;
- Process safety management with the purpose of defining clear rules and guidelines on how to handle safety processes at Galp's assets.

These programmes will be launched during 2022 and will encompass all employees within our Industrial business segment.

3.4 Industrial & Energy Management

Operational performance in 2021

Raw materials processed totalled 76.6 mboe, down 12% YoY, considering only the processing capacity of the Sines refinery in 2021, which operated under more favourable macro conditions. During the year, the efficiency of the system and the throughput volumes were impacted by operational restrictions on the fluid catalytic cracking (FCC) in the first half of the year, an unplanned event in one of the furnaces of the atmospheric distillation unit (ADU) in October, and planned maintenances in the hydrocracker, alkylation and visbreaker units in the fourth quarter of the year.

Crude oil accounted for 85% of raw materials processed, 87% of which corresponded to medium and heavy crudes. All crudes processed were sweet grades.

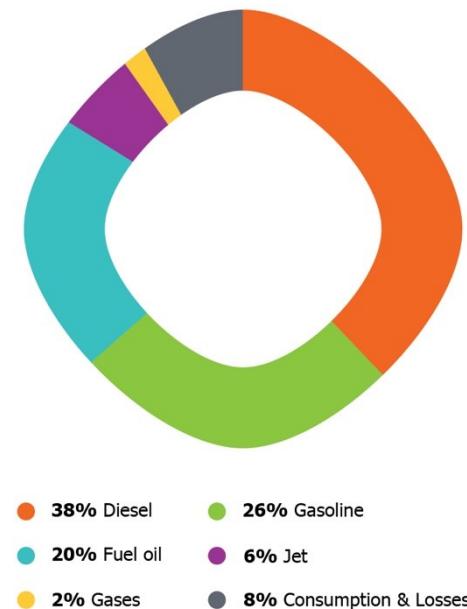
Galp's refining margin was up YoY, from \$1.1/boe to \$3.3/boe, following the improvement of the international refining environment.

Diesel and gasoline were the most relevant products in Galp's production mix, representing 38% and 26%, respectively. Fuel oil yields were 20%, with the entire production allocated to Very Low Sulphur Fuel Oil (VLSFO).

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

Note: Following the decision to discontinue refining activities in Matosinhos, 2021 Industrial & Energy Management indicators exclude Matosinhos refining contribution. The 2020 figures were kept as reported, including Matosinhos' contribution.

Sines refinery yields in 2021



3.4 Industrial & Energy Management

Digital transformation on our industrial operations

Galp is constantly improving and optimising its refining and logistic operations, reducing costs, capitalising availability and enhancing safety control procedures. During 2021, several digital initiatives were implemented in our industrial assets:

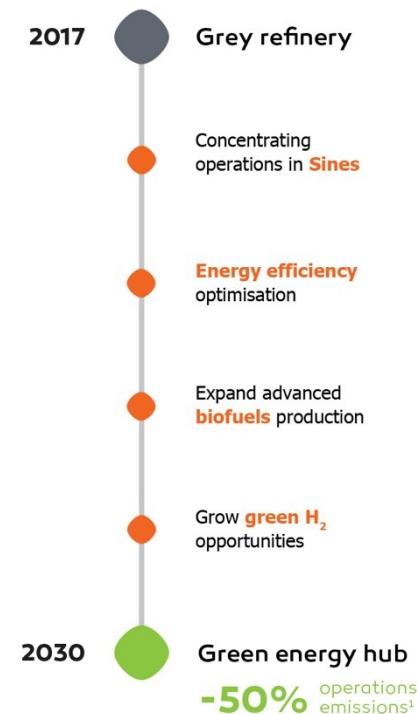
- Deployment of a digital tool to optimise the scheduling of the refining operations, from the unloading of crude to the shipping of products;
- Implementation of a predictive maintenance programme, which enables the use of machine learning to detect anomalies in equipment operations;
- Deployment of a mobile operator project in the Sines refinery, maritime terminals and storage parks, which will ensure a faster and more effective communication between operators to manage operational tasks.

From a grey refinery to a green energy hub

Galp aims to transform its Sines industrial site to a green energy hub by 2030, improving its energy efficiency and greatly reducing its carbon footprint. The expansion of advanced biofuel production through the installation of a

Hydrotreated Vegetable Oil (HVO) unit, and the incorporation of opportunities related with green hydrogen will be major steps in this transition.

In this path, the Company expects to reduce operational emissions by 50%, including scope 1 and 2, by 2030, compared to 2017 levels. The concentration of the refining activities in Sines, discontinuing Matosinhos, and the implementation of other initiatives, already enabled a reduction of 30%.



¹ Operations emissions' reduction from industrial activities (scopes 1 & 2) vs 2017.

3.4 Industrial & Energy Management

Biofuels

During 2021, Galp announced it was analysing the development of a HVO plant in the Sines refinery with the capacity to produce 270 ktpa of advanced renewable products. This unit is being designed to have the flexibility to produce both renewable diesel and Sustainable Aviation Fuel (SAF) and is projected to go online before 2025.

During the year, the project evolved according to the plan, with the BEDP (Basic Engineering Design Package) phase being concluded in December 2021, followed by the start of FEED (Front-End Engineering Design) in January 2022. A Final Investment Decision is expected to occur in 2022 year end.

Galp also operates Enerfuel, an industrial unit in Sines producing *Fatty Acid Methyl Ester* (FAME) biodiesel. This product is made 100% from the processing of animal fats and used cooking oils. Enerfuel produced approximately 24 kton of second-generation biodiesel in 2021.

The Company also produces HVO in a hydrogenation unit at its Sines refinery. This biofuel results from the co-processing of vegetable oil with diesel, resulting in a biofuel with characteristics similar to fossil fuels. In 2021, production reached approximately 7.4 kton, equivalent to a reduction of 24 kton of CO₂ emissions.

Galp's sourcing strategy is based on diversified feedstocks, geographies and suppliers and seeks to secure long-term contracts, leveraging in the existing supplier base and developing new partnerships. The Company will gradually expand its footprint in low-carbon residue feedstock, expanding from the current operations needs with Enerfuel and the co-processing unit to the HVO project at a later stage.

In 2021, Galp complied with the Renewable Energy Directive (RED), incorporating 10% biofuels in its energy content in Portugal, and 8.5% in Spain. The newly approved European regulation (RED II) will set the framework for the decade, promoting advanced biofuels and restricting the use of some raw materials.

Galp's strategy for biofuels is in line with the ongoing decarbonisation initiatives, seeking to encourage the use of biofuels made from waste, which represented over 60% of the raw materials for this type of fuel in 2021. In 2021, 257,587 m³ of biofuels were incorporated into fuels sold in Portugal, including 27,000 m³ of second-generation biodiesel produced by Enerfuel. The integration of these low-carbon fuels prevented the emission of over 678 kton CO₂e when compared to a fuel of exclusively fossil origin.

Green Hydrogen

Green hydrogen offers one of the most efficient solutions to address the challenges related to the decarbonisation of hard-to-abate sectors, such as heavy-duty transport, maritime, aviation and high-energy intense industrial processes.

Galp, is in a privileged position to develop green hydrogen solutions, capturing the full potential of its Sines energy hub, mobility customers, renewable generation and leveraging its track record of industrial skills. In addition, Galp is the single largest hydrogen producer and consumer in Portugal.

As such, the Company is developing new energy paths with a view to decarbonising the economy, such as the production of green hydrogen and e-fuels.

The Company continues to mature the 100 MW electrolyser in Sines, having completed the feasibility study and currently working on the basic engineering

3.4 Industrial & Energy Management

as well as on securing key support mechanisms for the Final Investment Decision.

In parallel, Galp is co-leading, together with EDP, a consortium comprised of 13 European entities that submitted an R&D project to the EU “Green Deal Fund” and was awarded a €30 m grant for the development of a 100 MW electrolyser. The project is under development and the grant agreement has already been signed with the EU.

Additionally, and in order to accelerate the learning curve, Galp is developing a 2 MW pilot in Sines expected to start production in 2023. The Company has also secured c.€1.8 m funding for the development of that project.

As the green hydrogen business case gets material, Galp sees the potential of increasing its installed capacity to over 1 GW in the second half of the decade. That expansion would allow Galp to replace the Sines grey hydrogen consumption and to address maritime and aviation e-fuels.

Galp is also pursuing other opportunities in the hydrogen market as part of its strong commitment to energy transition, namely nurturing hydrogen-based mobility eco-systems and developing new low-carbon service station concepts with a hydrogen offer.

Cogeneration

Galp's power activity is supported by the operation of cogeneration units in Portugal totalling 91 MW, with the main unit installed in the Sines refinery. This unit is highly efficient, as it combines heat and electricity generation, and it is a significant supplier of steam to the refinery operations.

Following the decision to discontinue the Matosinhos refining operations from 2021 onwards, Galp halted cogeneration operations in Matosinhos as of October 2021.

In 2021, cogeneration units produced approximately 980 GWh, down 28% YoY, reflecting the lower contribution from the Matosinhos cogeneration.

Energy Management

Galp intends to boost the role of Energy Management in its operations, enabling value creation through integration, encompassing crude oil, oil products, natural gas and electricity. The Company will be able to capture new trading opportunities, through the management of the integrated margin, optimisation of supply-to-sourcing and taking advantage of energy sales dynamics and risk management.

3.4 Industrial & Energy Management

Raw materials and oil products

Galp manages the procurement of crude oil and other raw materials, maximising its refining margin captured, taking into account the strategy of supply diversification and extracting value from the existing asset base.

Galp imported crude from 11 different countries, with medium and heavy crude oils accounting for 87% of the total. Galp's entire crude sourcing was of lower sulphur content.

The oil products resulting from our refining and trading activities are channelled to our Commercial business unit, and externally to other operators and exports. In 2021, volumes sold totalled 14.8 mton, of which 7.0 mton were sold to Commercial, 2.8 mton to other operators and 5.0 mton were exported.

The U.S.A., particularly the East Coast, remains a relevant destination for the export of heavy gasoline components. Fuel oil, gasoline and diesel were the main products exported, accounting for 34%, 31% and 26% of total exports, respectively, mostly to the U.S.A., Spain and Gibraltar.

Crude source in 2021



- 46% Latin America
- 27% West Africa
- 9% Middle East
- 8% North America
- 7% FSU (non-Russian)
- 3% North Africa

Exports per product in 2021



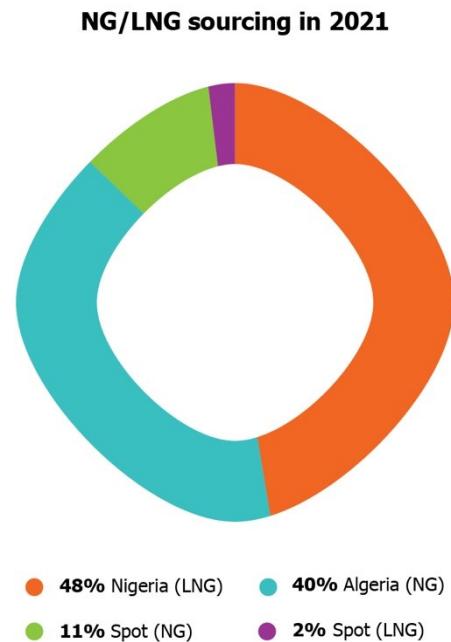
- 34% Fuel Oil
- 31% Gasoline
- 26% Diesel
- 4% Naphta
- 3% Others
- 2% LPG

3.4 Industrial & Energy Management

Natural gas

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

Currently, Galp's NG and LNG supplies are sourced mainly through long-term contracts established with Sonatrach in Algeria and LNG in Nigeria. These represented about 88% of the Company's supply sources in 2021.



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

Galp and Sonatrach signed a new agreement in 2019 under which Galp will continue to source natural gas from Algeria, through the Medgas pipeline to Iberia. Galp has secured 1 bcm (c.12 TWh) per year for a 5-year period.

In 2020, Galp signed a Sales and Purchase Agreement (SPA) with Nigeria LNG Limited for the supply of 1 mtpa (c.16 TWh) of LNG over a period of 10 years.

Aiming at diversifying and increasing the competitiveness of its long-term sourcing basket, Galp signed an agreement with Venture Global LNG for the acquisition of 1 mtpa (c.16 TWh) from the LNG export terminal in Calcasieu Pass, U.S.A., over a period of 20 years, starting in 2023. At the end of 2020, Galp agreed to hire an LNG transport vessel from Pan Ocean Co., Ltd for an initial period of 5 years, to support the transportation of LNG from Venture Global LNG.

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

The natural gas resulting from our sourcing activities is also channelled internally to our Commercial business and auto consumptions in our refinery, and externally to trading activities and electro producers. The volumes of NG/LNG sold via trading were entirely via network trading.

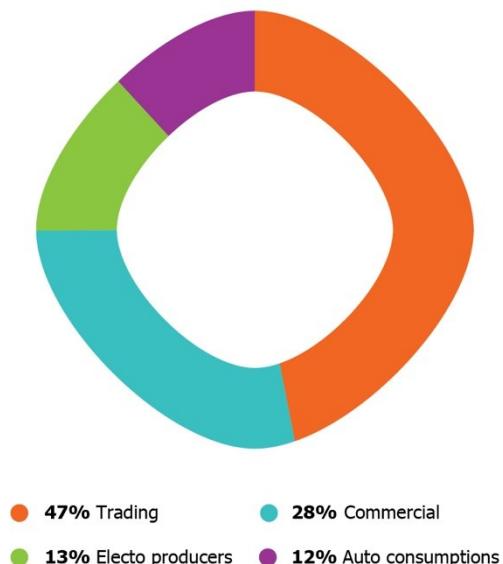
Additionally, Galp is actively working to explore all options for the sale of its associated gas produced in its Brazilian operations. Following the new framework for the natural gas market liberalisation in Brazil, Galp has established a series of gas commercialisation contracts with a start date of January 1, 2022. This has opened marketing opportunities for Galp, allowing the Company to expand its presence along the gas value chain, targeting new clients and creating new business opportunities.

3.4 Industrial & Energy Management

In 2021 year end, Galp has entered into an agreement with Companhia de Gás da Bahia (Bahiagás) to sell a part of its Brazilian natural gas production. We also secured the offtake of Repsol Sinopec's natural gas production from Sapinhoá Norte, broadening the Company's sourcing alternatives in Brazil.

In addition, Galp signed agreements with Petrobras and Transportadora Associada de Gás to ensure access to the processing and transportation infrastructures, respectively.

Natural gas sales per segment in 2021



Power

Galp is present in the electricity market through the Iberian Electricity Market (MIBEL), both on the spot market (OMEL) and the forward market (OMIP). This activity is mainly aimed at optimising Galp's sourcing and renewables production, guaranteeing the needs of the Commercial business and enabling value creation.

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

3.5 Renewables & New Businesses

2021 Highlights

- Start-up of 36 MWp of renewable generation capacity during the year, raising gross operating capacity at year end to c.1 GWp.
- Expansion of the renewable portfolio, now totalling c.4.7 GWp on a 100% basis, considering projects under operation, construction and/or development.
- Enlarged Iberian position with the acquisition of nearly 400 MWp of new solar PV installed capacity in Spain.
- Entrance into the renewable energy sector in Brazil, with acquisition of 594 MWp in solar projects, at early stages of development.
- Securing of competitive financing for the development of renewables' projects in Iberia.
- Creation of JV with Northvolt for the development of a lithium conversion facility in Portugal, a step forward in the plan to foster a local battery value chain.

c.4.7 GW
Gross renewable capacity
in operation and construction
& development

963 MW
Gross renewable generation
installed capacity

1,288 GWh
Gross renewable
power generation

Main indicators

	2020	2021
Renewable gross generation capacity ¹ (MW)	926	963
Renewable power generation (GWh)	327	1,288
Avoided CO ₂ e emissions (tonCO ₂ e)	98,910	352,382
Pro-forma RCA Ebitda ² (€m)	(2)	76
Pro-forma RCA Ebit ¹ (€m)	(12)	52
Pro-forma CFFO ² (€m)	(2)	76
Investment (€m)	350	142

¹ Corresponds to, on a 100% basis, the installed capacity of renewable electricity generation projects where Galp has an equity.

² Pro-forma considers all Renewables projects as if they were consolidated according to Galp's equity stakes.

3.5 Renewables & New Businesses

Renewables & New Businesses

The Renewables & New Businesses unit is focused on developing a sustainable and diversified portfolio of renewable energy generation, which can be leveraged by synergies with the Company's remaining energy businesses, namely Commercial, whilst supporting its energy transition trajectory and carbon intensity reduction ambitions.

In addition, this unit identifies, assesses, and develops new businesses opportunities in the energy space, seeking to add new value pools and maximise the value creation of current businesses, by taking advantage of the disruptive changes that the industry is going through.

Renewables

In 2021, Galp's renewable energy generation portfolio increased c.1 GWp to c.4.7 GWp (at 100%), including mostly solar photovoltaic (PV) projects under operation, construction and/or development, spread between Portugal, Spain and, more recently, Brazil.

Of these, 963 MWp of capacity were already under operation at the end of 2021, including 36 MWp of new operating capacity that came online during the year.

3.5 Renewables & New Businesses

Renewables Portfolio

Galp Renewable capacity (MW)	In operation	Under Construction	Under Development	Total
Gross	963	393	3,390	4,746
Spain	950	249	2,445	3,645
Portugal	12	144	351	507
Brazil	-	-	594	594
Equity to Galp (pro-forma)	719	331	2,968	4,018
Spain	713	187	2,023	2,923
Portugal	6	144	351	501
Brazil	-	-	594	594

Project	Country	Segment	% owned	Capacity (100% basis) MWp	Project Status
Titan	Spain	Solar	75.01	950	Operating
Titan	Spain	Solar	75.01	c.1.9 GW	Construction/Development
Magallon	Spain	Solar	100	359	Development
Jerjes & Bujeo	Spain	Solar	100	74	Development
Enerland	Spain	Solar	100	223	Development
Omaei	Spain	Solar	100	100	Development
Vale Grande	Portugal	Wind	51.50	12	Operational
Alcoutim	Portugal	Solar	100	144	Construction
Ourique	Portugal	Solar	100	343	Development
Odemira	Portugal	Solar	100	8	Development
Cascudo	Brazil	Solar	100	282	Development
Murion	Brazil	Solar	100	312	Development

3.5 Renewables & New Businesses

Split per Geography (GW)



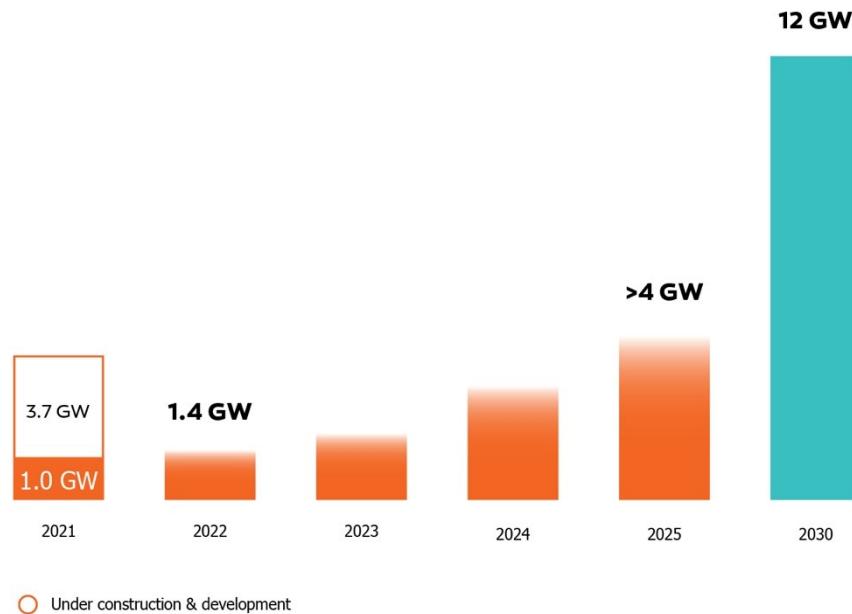
Split per development stage (GW)



With a competitive renewable platform in place and the competences to make it prosper, Galp's goal is to gradually expand its renewable generation portfolio to over 4 GWp gross operating capacity by 2025, and 12 GWp by 2030.

3.5 Renewables & New Businesses

Operating capacity at YE (GW)



Altogether, along with exploring different value pools and upsides in the value chain, this should allow the enhancement of the value of its projects and the delivery of a value-driven growth.

The Company expects to allocate, on average, c.30% of the Group's annual net capex estimate between 2021 and 2025 to the development of its renewable power generation portfolio.

In 2021, Galp secured up to €732 m from the European Investment Bank (EIB) for the construction of solar power plants and the deployment of EV charging points in Iberia, a crucial step in increasing the pace of development of such projects and helping the Company accelerate the integration of low-to-no-carbon energy solutions in its businesses.

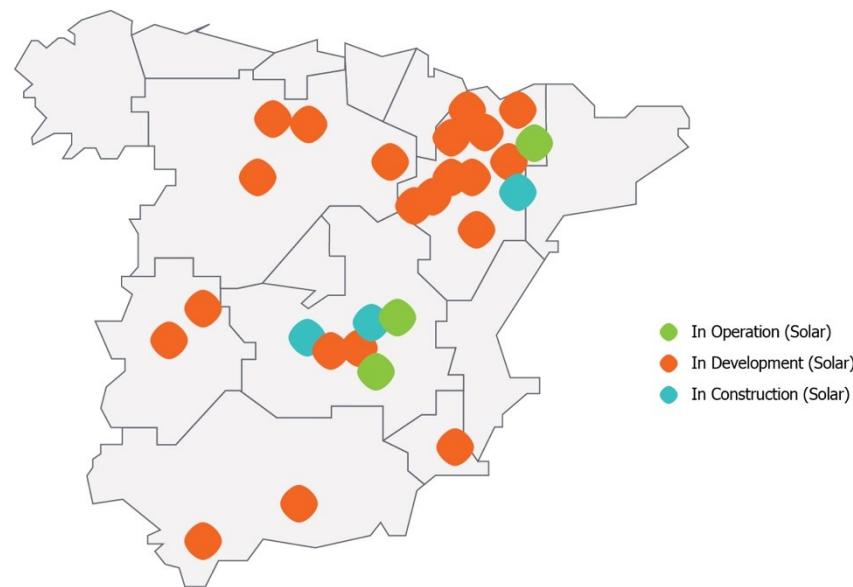
This expansion is expected to be selective, mostly leveraged on the execution of the existing assets, whilst expanding our presence in markets where there is a strategic advantage, mostly through early stage moves, and also looking at the diversification of technologies.

Galp's renewable strategy relies on balancing its presence in mature and non-mature markets to secure a long-term sustainable portfolio adjusted to the risks and opportunities of each market, but also to pursue active approaches on energy management, capital structure optimisation and asset rotation.

3.5 Renewables & New Businesses

Spain

Renewables Portfolio in Spain



Galp holds a 75.01% stake in Titan, while the ACS Group holds the remaining 24.99%. A joint control governance structure has been created and the stake is accounted for in Galp's financial statements using the equity method.

The portfolio incorporates a selection of high-quality projects already in operation and at different stages of development, in privileged locations, with expected yield equivalent to 1,800 sun hours per year, positioning Galp as a leading company in solar PV in Iberia.

Galp's current solar production comes exclusively from the generation of these Titan assets.

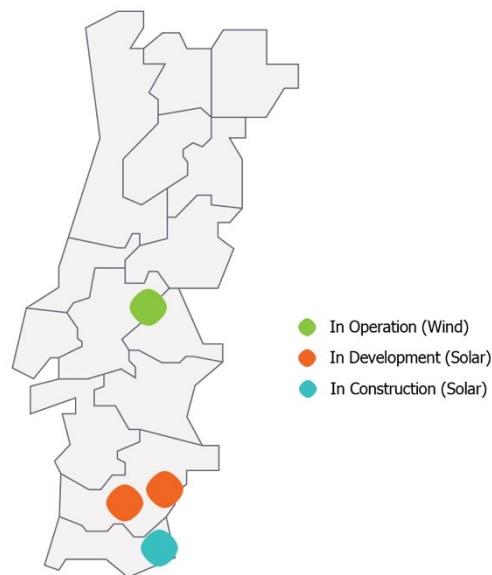
In 2021, Galp further reinforced its position in the solar PV market in Spain, with acquisition of nearly 400 MWp of gross capacity, expected to be operational by 2023/24:

- 74 MWp from Jerjes & Bujeo, in Andalucía, under development;
- 100 MWp from Omaei, in Aragon, under development;
- 223 MWp from Enerland, of which 62 MWp located in Zaragoza, acquired at ready-to-build, and the remaining projects in Castilla y León and Aragón, under development.

3.5 Renewables & New Businesses

Portugal

Renewables Portfolio in Portugal



In Portugal, Galp holds a portfolio of approximately 495 MWp of solar PV projects.

Of these, 144 MWp are in Alcoutim, Algarve, and are under construction and expected to start operations during 2022.

In addition, the portfolio also includes 343 MWp in Ourique and 8 MWp in Odemira, both in Alentejo, at different stages of development.

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

Brazil

Renewables Portfolio in Brazil



3.5 Renewables & New Businesses

Galp has entered the Brazilian renewables business during 2021 with the acquisition of a couple of solar PV projects with a combined capacity of 594 MWp.

This includes two solar projects under development in the States of Bahia and Rio Grande do Norte, with capacities of 282 MWp and 312 MWp, respectively, and set to reach their Commercial Operation Date before 2025.

With these transactions, Galp gains access to high-quality assets in a country where the Company has been present for more than 20 years and which is among the top 10 countries in the world with the highest power demand and planning to double its current solar & wind installed capacity to 40 GW by 2030.

New Businesses

Galp actively seeks to identify and develop business opportunities and value pools for the future with the potential of becoming robust and autonomous businesses, in areas related to sustainability, energy transition, transportation, infrastructure and production.

The New Businesses area is designed to serve as an incubator for new value creation streams, testing, validating, and developing concepts to a mature stage, which can then flourish on their own, or be incorporated by other business units, such as the green hydrogen that has recently been included under the Industrial & Energy Management area, as well as Galp Solar and GowithFlow that have been integrated in the Commercial business.

Lithium to EVs value chain

Electrification will be key in promoting Europe's ambition of net zero emissions by 2050, and storage will play a fundamental role in paving the way for a

sustainable transition, as the European Union (EU) aims to become a leading geography in lithium-ion battery production and electric mobility.

Portugal has several competitive advantages for developing an integrated value chain, namely natural resources, nearby automotive capacity, infrastructure, renewable energy, and geographic position.

Galp, on the other hand, is in a privileged position, due to its experience in operating large-scale industrial businesses and chemical processes, experience in raw material sourcing and trading, renewable know-how and a highly skilled workforce.

As such, and considering the fast-growing EV adoption outlook, Galp is moving forward with plans to participate in the development of a local and integrated value chain.

In December 2021, Galp established the joint venture "Aurora" with Northvolt to develop a lithium conversion plant with an annual production capacity of up to 35,000 tons of lithium hydroxide, with operations expected to start by 2025 and commercial operations by 2026.

The JV is currently conducting technical and economic studies and looking at possible site locations.

Galp and Northvolt will also jointly explore other opportunities in the lithium-ion battery value chain, notably with a focus in Iberia.

Galp also leads the 17-member consortium that made an application for funds from the Portuguese Recovery and Resilience Plan (PRR), which may contribute to the development of this project as well as support the entire value chain in Portugal, from mining to recycling, both in product investment and research and development components.

3.5 Renewables & New Businesses

Galp sees this move into the battery value chain as a scalable opportunity and, as the business case evolves, there is a potential to further expand its conversion capacity throughout the decade.

Corporate Venture Capital and Other businesses

During 2021 Galp has accelerated its Corporate Venture Capital activities.

The Company increased its participation in the Energy Impact Partners (EIP) venture capital fund, an investment platform that focuses on energy transition opportunities. Through this fund, the Company has been exposed to cutting edge research and engaged with innovative ventures, looking at bringing in some as new business partners that will help Galp successfully navigate the energy transition.

Galp innovation / Innovation factory (Up)

The goal of innovation is to build a portfolio of opportunities to boost the energy transition and accelerate the path to decarbonisation. In alignment with the Company's strategy, by testing new solutions and increasing the engagement with the innovation ecosystem, Galp will be able to discover, test and validate solutions that may create new profit streams.

Innovation at Galp means teamwork and every initiative or project involves those that will make it happen in an agile way, bringing together different competencies and know-how for the squads.

The innovation centres work closely with the business units in order to ensure the full alignment and agile decisions and execution.

The Upcoming Energies is the platform of open innovation for energy transition; it is Galp's open door to collaboration with the innovation ecosystem (start-ups, universities, other). Lastly, the Innovation Studio is a pool of innovation experts that boost projects with specific tools and methodologies.

Galp intends to position itself for the next growth cycle and the future of energy, to pursue the strategic objectives for a truly sustainable path, increasing the resilience and competitiveness of its portfolio, regenerating the future.

FINANCIAL PERFORMANCE

4.1 2021 highlights

Galp's RCA Ebitda was €2,322 m, 48% higher YoY, whilst Adjusted Operating Cash Flow (OCF) increased 49% YoY to €1,852 m, supported by strong Upstream results.

Group cash flow from operations (CFFO) was €1,052 m, reflecting a working capital build during 2H21, which includes a temporary €605 m increase in hedging margin accounts to de-risk gas sourcing and supply prices, expected to be reversed during 2022.

Capex totaled €936 m, with Upstream accounting for 66% of total investments, whilst the downstream activities represented 17% and Renewables & New Businesses 15%. Net capex was €552 m, considering the proceeds from divestments, most notably the stake sale in Galp Gás Natural Distribuição (GGND) during 1H21.

FCF was €397 m and net debt increased to €2,357 m, also considering dividends paid to shareholders of €498 m and to minorities of €198 m, as well as other adjustments. Net debt to RCA Ebitda at the end of the period was 1.1x.

Excluding the non-recurrent temporary working capital effects related with margin accounts, FCF would have reached €1.0 bn and net debt to RCA Ebitda at year end would have been 0.8x.

4.1 2021 highlights

Ebitda and Ebit by business segment in 2021 (€m)

	IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda
Galp	2,698	(387)	2,311	11	2,322
Upstream	2,047	-	2,047	(27)	2,020
Commercial	294	(6)	288	-	288
Industrial & Energy Management	408	(382)	27	38	64
Renewables & New Bus.	(13)	0	(13)	-	(13)
Others	(38)	-	(38)	0	(38)

	IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit
Galp	1,670	(387)	1,283	89	1,372
Upstream	1,461	-	1,461	(27)	1,434
Commercial	185	(6)	179	-	179
Industrial & Energy Management	93	(382)	(289)	115	(173)
Renewables & New Bus.	(13)	0	(13)	-	(13)
Others	(56)	-	(56)	-	(56)

4.2 Operational performance

Upstream

RCA Ebitda was €2,020 m, up 82% YoY, driven by the favourable oil price environment. OCF was €1,527 m, up YoY from €749 m.

Production costs were €62 m, excluding IFRS 16 leases of €125 m. In unit terms, and on a net entitlement basis, production costs were \$1.6/boe.

Amortisation and depreciation charges (including abandonment provisions) amounted to €586 m. On a net entitlement basis, DD&A was \$14.0/boe, also excluding impairments related with smaller scale exploration assets.

RCA Ebit was €1,434 m, up €1,028 m YoY, and IFRS Ebit was €1,461 m.

Commercial

RCA Ebitda decreased 12% YoY to €288 m, reflecting the more pressured market environment and considering a higher weight of digital transformation costs. OCF was €266 m, down 16% YoY.

RCA Ebit was €179 m, while IFRS Ebit was €185 m.

Industrial & Energy Management

RCA Ebitda for Industrial & Energy Management decreased €49 m YoY to €64 m, despite the higher Industrial performance in 2021, on the back of the improved international refining environment. OCF was €98 m, following Ebitda.

Galp's refining margin was up YoY, from \$1.1/boe to \$3.3/boe, following the more robust international refining context. Refining costs decreased YoY from \$2.6/boe to \$2.0/boe, now only reflecting Sines operational costs, and considering that in 2020 the system operated at sub optimal conditions.

Energy Management contribution decreased YoY, mostly due to natural gas sourcing restrictions, increased costs to access the regasification terminal in Portugal and given the material swing registered in the pricing formulas for oil products between the two periods, reflecting the different evolution trends on the commodity prices.

RCA Ebit was -€173 m and IFRS Ebit was €93 m.

Renewables & New Businesses

During 2021, Renewables & New Businesses consolidated RCA Ebitda was of -€13 m, which mostly includes consolidated overhead costs, also to explore opportunities in new businesses, such as Galp Solar, GoWithFlow and Galp position in the Li-on batteries value chain.

Renewables pro-forma Ebitda and OCF reached €76 m, higher €78 m YoY, also benefiting from high captured price throughout the year (most of Galp's renewable capacity under operation is within the JV with ACS, which only closed in September 2020).

4.3 Consolidated income

Consolidated income (RCA, except otherwise indicated)

	2020	2021	Var.	€m % Var
Turnover	11,381	16,117	4,737	42%
Cost of goods sold	(8,021)	(12,129)	4,107	51%
Supply & Services	(1,473)	(1,536)	63	4%
Personnel costs	(302)	(297)	(5)	(2%)
Other operating revenues (expenses)	(6)	173	179	n.m.
Impairments on accounts receivable	(8)	(7)	(1)	(9%)
RCA Ebitda	1,570	2,322	751	48%
IFRS Ebitda	1,113	2,698	1,585	n.m.
Depreciation, Amortisation and Impairments	(1,131)	(954)	(177)	(16%)
Provisions	(13)	3	16	n.m.
RCA Ebit	427	1,372	944	n.m.
IFRS Ebit	(282)	1,670	1,952	n.m.
Net income from associates	73	96	22	31%
Financial results	(182)	(138)	(44)	(24%)
Net interests	(39)	(31)	(8)	(21%)
Capitalised interest	22	15	(7)	(31%)
Exchange gain (loss)	(78)	(29)	(49)	(63%)
Mark-to-market of derivatives	(44)	-	44	n.m.
Leases interest (IFRS 16)	(80)	(76)	(5)	(6%)
Other financial costs/income	37	(17)	(55)	n.m.
RCA Net income before taxes and minority interests	319	1,329	1,011	n.m.
Taxes	(337)	(729)	392	n.m.
Taxes on oil and natural gas production ¹	(301)	(560)	259	86%

4.3 Consolidated income

	2020	2021	Var.	€m % Var
Non-controlling interests	(24)	(143)	120	n.m.
RCA Net income	(42)	457	499	n.m.
Non-recurring items	(171)	(737)	566	n.m.
RC Net income	(213)	(280)	67	32%
Inventory effect	(338)	284	622	n.m.
IFRS Net income	(551)	4	555	n.m.

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

4.3 Consolidated income

RCA Ebitda was €2,322 m, 48% higher YoY, mostly supported by the improved Upstream conditions during the period.

RCA Ebit was €1,372 m, up from €427 m in 2020, following the higher operating contribution, although including €49 m of impairments related with exploration assets in Upstream.

IFRS Ebitda and IFRS Ebit of €2,698 m and €1,670 m, respectively, reflecting a positive inventory effect.

Financial results were -€138 m, including IFRS 16 leases, net interests and currency differences registered in the period.

RCA taxes increased YoY from €337 m to €729 m, mostly following the improved performance in Upstream.

Non-controlling interests of -€143 m are related with Sinopec's stake in Petrogal Brasil.

RCA net income was €457 m, while IFRS net income was €4 m, with a positive inventory effect of €284 m and special items of -€737 m, which includes mark-to-market swings related with derivatives.

Note: for the purpose of better assessing Galp's recurrent performance, from 1Q21 onwards mark-to-market swings related with derivative hedges to cover client positions, which have no direct translation into operating results, are considered as special items. No adjustments were made in the reported figures from previous periods.

Special items

	€m	
	2020	2021
Items impacting Ebitda	(12)	11
Margin (Change in production) - Unitisation	(30)	-
Headcount restructuring charges	54	-
Exchange rate differences related with Brazil unitisation processes	(36)	-
Termination agreement for service and equipment (P-71)	-	(27)
Matosinhos Refinery operations (under decommissioning)	-	38
Items impacting non-cash costs	252	78
Provisions for environmental charges and others (Matosinhos Refinery)	94	71
Depreciations and Amortisations - Unitisation	5	-
Asset impairments (Matosinhos Refinery)	153	7
Items impacting financial results	(142)	785
Gains/losses on financial investments (GGND) ¹	(91)	12
Gains/losses on financial investments - Unitisation	(56)	-
Financial costs - Unitisation	5	-
Mark-to-Market of derivatives	-	832
MTM of derivatives and FX from natural gas derivatives	-	(60)
Items impacting taxes	81	(140)
Taxes on special items	(75)	(179)
BRL/USD FX impact on deferred taxes in Brazil	119	8
Energy sector contribution taxes	36	31
Non-controlling interests (Unitisation and FX on deferred taxes Brazil)	(8)	3
Total special items	171	737

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

4.4 Capital expenditure

During 2021, capex was €936 m, of which 66% was allocated to the Upstream business, mainly directed to Brazil, namely the development of Bacalhau and BM-S-11.

Downstream activities represented 17% of 2021 capex. Commercial capex was mostly allocated to Mozambique logistic facilities and the retail network in Iberia. Industrial & Energy Management investments were allocated towards initiatives to improve the systems' efficiency.

Renewables & New Businesses capex, which accounted for 15% of the year's capex, was mainly related to the development and execution of solar projects in Iberia, which are net of project finance contributions.

Capital expenditure by segment

	2020	2021	Var.
Upstream	326	616	290
Exploration and appraisal activities	0	-	(0)
Development and production activities	325	616	290
Commercial	127	92	(35)
Refining & Midstream	76	67	(10)
Renewables & New Businesses	350	142	(208)
Others	19	20	1
Capex¹	898	936	38

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

4.5 Cash flow

Galp's OCF reached €1,852 m, 49% higher YoY, supported by the improved Upstream conditions. CFFO amounted to €1,052 m impacted by a working capital build.

The investment in working capital includes €605 m related with temporary margin accounts from derivatives to cover natural gas trading risk. Some of the derivatives in place to cover risk on trading gas activities require margin deposits (exchange-traded TTF futures), which temporarily affect Galp's cash position and which are released as TTF prices adjust downwards and/or gas is delivered to clients throughout 2022.

Net capex was €525 m, considering the proceeds from the GGND stake sale of €368 m, as well as the amounts related to the sale of FPSO P-71 to Petrobras.

FCF amounted to €397 m. Considering dividends paid to shareholders and to non-controlling interests, as well as other adjustments, net debt increased to €2,357 m.

Excluding the impact from the €605 m temporary build in working capital, FCF would have reached €1.0 bn and net debt would have declined YoY to €1.8 bn.

Cash flow

(IFRS figures except otherwise stated)

	2020	2021
RCA Ebitda	1,570	2,322
Dividends from associates	90	132
Taxes paid	(417)	(602)
Adjusted operating cash flow	1,243	1,852
Special items	12	(11)
Inventory effect	(469)	387
Change in Working Capital	240	(1,176)
Cash flow from operations	1,025	1,052
Net capex ¹	(909)	(525)
Net financial expenses	(43)	(54)
IFRS 16 lease interest	(80)	(76)
Realised income from derivatives	80	-
Proceeds from equalisation	80	-
Free cash flow	153	397
Dividends paid to non-controlling interests ²	(225)	(198)
Dividends paid to Galp shareholders	(318)	(498)
Reimbursement of IFRS 16 leases principal	(110)	(115)
Others	(129)	122
Change in net debt	631	292

¹ 2021 includes the proceeds from the GGND stake sale of €368 m.

² Mainly dividends paid to Sinopec.

4.6 Financial position

Consolidated financial position

	€m		
	2020	2021	Var.
Net fixed assets ¹	6,259	6,667	408
Rights of use (IFRS 16)	1,002	1,079	77
Working capital	703	1,879	1,176
Other assets/liabilities ¹	(710)	(2,119)	(1,409)
Capital employed	7,254	7,506	252
Short term debt	539	1,305	766
Medium-Long term debt	3,204	2,995	(210)
Total debt	3,743	4,300	556
Cash and equivalents	1,678	1,942	265
Net debt	2,066	2,357	292
Leases (IFRS 16)	1,089	1,179	90
Equity	4,100	3,970	(130)
Equity, net debt and leases	7,254	7,506	252

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

On December 31, 2021, net fixed assets were €6,667 m, up € 408 m YoY, including work-in-progress of €1,807 m, mostly related to the Upstream business.

Other assets / liabilities decreased €1,409 m YoY, reflecting temporary impacts from the mark-to-market of natural gas derivatives and the sale of GGND.

Equity was down €130 m YoY, impacted by the payment of dividends to Galp's shareholders and minorities, which were partially offset by from the USD appreciation against the Euro and the results from associates.

On December 31, 2021, net debt was €2,357 m, up €292 m YoY, as the CFFO was impacted by a temporary build in working capital. Net debt to RCA Ebitda was down from 1.5x to 1.1x, benefiting from the improvement YoY of the RCA Ebitda.

At the end of the period, Galp had unused credit lines of approximately €0.8 bn, of which c.60% were contractually guaranteed.

SUSTAINABILITY

5.1 The pace of society evolution

As society changes, so do the needs. And the fast pace with which necessities arise means continuously challenging ourselves, companies, governments, and society. We are at a critical time, in a critical decade. There is an urgency to find a more sustainable path, towards what is being called a net-zero future.

Building a sustainable path means continuously looking for solutions to address the new challenges ahead, including the greatest challenges of all: delivering more energy to a growing society while reducing greenhouse gas emissions.

To overcome these challenges, companies more than ever need to combine commitments, policies, technology, and environmental, social and governance performance as criteria for their investment and management decisions.

Companies are increasingly hinging their competitiveness on the alignment of their services, products, and business models with the opportunities arising from decarbonisation.

Accountability and transparency are also becoming competitive traits for a company. Companies must now respond to the growing sustainability disclosure demands from governments, regulators and initiatives. The EU Taxonomy is promoting a common language to classify the alignment of Company activities with sustainable activities, and the EU Corporate Sustainability Reporting Directive encourages the transparency of non-financial and climate change disclosures that are more consistent, comparable and reliable.

5.2 Transformation with responsibility

Galp's purpose is clear, regenerating the future and the portfolio of energy it produces and sells. And its sustainability journey reflects that.

The Company goal is to be both dynamic, providing innovative clean energy solutions, and caring, for the people and the planet. This double goal equally addresses Galp's aim to continuously create long-term value for its stakeholders, and to develop profitable and more sustainable businesses.

To deliver on its goal, Galp engages in being transformative, navigating the energy and just transition, and exploring exponential technologies and new energies, while also being responsible. Galp's ethical and responsible performance focuses essentially on four foundations:

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

Because part of the transformation is to progressively promote transparency, Galp engages with a number of internationally established benchmarks and sustainability principles and discloses its non-financial performance aligned with internationally recognised voluntary reporting standards and frameworks:

- Value Reporting Foundation (VRF);

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

5.2 Transformation with responsibility



Galp's Integrated Management System was once again recognised for its operational excellence on its six dimensions: environment, quality, safety, energy, social responsibility, and business continuity. Galp is the first energy company in Portugal to obtain an external certification in these six dimensions since 2018.

Management's commitment

An effective management and an integrated approach to sustainable value creation requires having committed leadership, a clear strategy and a robust and strong governance. For Galp, these factors are considered fundamental to being a more resilient company, better prepared to respond to current and future challenges.

Galp's governance model is based on a decision-making culture that includes the assessment of risks and opportunities, which covers the entire life cycle of its operations – from the identification of the business opportunity to the decommissioning.



Specialised Committees



5.2 Transformation with responsibility

A clear and capable oversight of climate change

The climate and energy transition related risks and opportunities - over the short, medium and long term - integrate the Company's strategic formulation process and investment planning. These are overseen by the BoD and the Executive Committee, where the CEO is the designated member responsible for climate strategy. The Sustainability Committee, supported by the Risk Management Committee, is the board level committee responsible for climate related issues, being key in assisting the Board in integrating sustainability principles into the decision-making process and ensuring that the main risks and opportunities that we face are identified and continually managed. In addition, a Chief Sustainability Officer, the Head of Strategy and Sustainability Department, is responsible for the corporate management of sustainability risks - including those arising from climate change - and has the power to establish and propose assessment and monitoring methodologies, that are implemented in a coordinated effort with the business units and corporate Risk Management department, thereby ensuring that a plan of action is established to minimise and eliminate these risks.

Learn more about Galp's alignment with the TCFD recommendations ([link here](#)), including the Company's governance regarding climate related risks and opportunities.

Green classification of Galp's activities

EU Taxonomy classification

The EU Taxonomy is a green classification system which serves as a standardization basis to define what is an environmentally sustainable economic activity that make a substantial contribution to at least one of the environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

The Delegated Taxonomy Acts, that establish the criteria for activities to be considered sustainable, are living documents that still need to be added and updated in order to cover the other four environmental objectives, as well as other activities that by its nature should be considered in the list of sustainable economic activities.

In compliance with the Art. 8 Delegated Act, for the 2021 reporting, Galp discloses the proportion of Taxonomy-eligible and the proportion of Taxonomy non-eligible economic activities in its total turnover, capital and operating expenditure. Galp also discloses additional KPIs, including non-consolidated renewables business, that are considered eligible under the EU Taxonomy but due to consolidation criteria are excluded.

Further information about Galp's EU Taxonomy context and performance can be found in chapter 1 of Part IV - Appendices.

Galp Low Carbon capital allocation

In addition to the activities included on the above-mentioned EU taxonomy mandatory disclosure and additional KPIs, Galp considers other activities that, so far, are not eligible under the regulation but may contribute significantly to mitigate climate change, such as investments in the battery value chain, cogeneration, and CO₂ emission reduction projects in the Refinery (mainly efficiency energy).

Considering our green activities classification, Galp's strategic plan foresees c. 50% of the net capital expenditures planned during 2021-2025 to be allocated to low carbon activities which, from its perspective, reflects the ambition and commitment to the energy transition and the transformation to a carbon neutral value chain.

5.3 Approach to climate change



Material topic

Climate Strategy

Climate Strategy

Climate Strategy

Our alignment with the SDGs

SDGs and key targets



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



Target 11.2: Provide access to sustainable transport systems for all



INDUSTRY, INNOVATION AND INFRASTRUCTURE

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



CLIMATE ACTION

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

5.3 Approach to climate change

Galp's decarbonisation path

Efficiently decarbonising the economy, while promoting the energy transition, will play an important part in achieving a just transition.

The next decade is critical to get the world on the right track and Galp is aware of the fundamental part it must play in this sense. Besides having set a new purpose – “regenerate the future together”, Galp has set clear targets to reduce its emissions and its impact on climate.

In 2021, Galp announced targets for 2030 that include reducing both the direct emissions from its operations and the carbon intensities of the energy it sells and produces.



These climate targets by 2030 were defined considering the Company's belief in a fast-paced energy transition on which it has anchored its strategy, and the variables used in the emission, sales and production forecasts are aligned with the Company's long-term strategic development plan.

- 40% reduction in emissions from direct operations (scope 1 & 2). This includes Galp's equity share of emissions from all operations and geographies and echoes the efforts the Company is making in increasing efficiency and optimising its infrastructure. This target encompasses a

5.3 Approach to climate change

reduction of 50% reduction from the Company's industrial operations in Portugal.

- 40% reduction in the intensity of the energy produced by Galp. This metric represents the emissions produced per unit of energy generated in Galp's production portfolio (oil, gas, electricity, hydrogen, biofuels, etc.) and reflects the significant and quick increase in the production of renewable energy from its assets¹.
- 20% reduction in the intensity of the products sold by Galp. This indicator echoes the efforts to decarbonise the Company's portfolio and increased low-carbon offer to its customers, from hydrogen to renewable electricity¹.

Galp's 2030 targets are the first critical step towards the ambition of becoming a net zero company in 2050. From 2030 onwards, renewable energy production and sales must be strengthened and Galp's operations further decarbonised. By 2050 any residual emissions would be either be captured or neutralised using carbon offsets.

The targets were set in relation to a 2017 baseline, the year when Galp announced the diversification of its portfolio beyond oil and gas.

Performance against targets

In 2021, the positive evolution of Galp's carbon performance is a direct consequence of the restructuring of the Company's industrial infrastructure and closure of the Matosinhos refinery during the year, as well as the implementation of efficiency projects in the Sines site and from the purchase of 100% renewable electricity on all of Galp's operations in Portugal, which allowed

¹ In both the carbon intensity metrics electricity is converted to a fossil equivalent using a primary energy factor that reflects the efficiency of thermoelectric production and connects primary and final energy. This factor indicates how much primary energy is used to generate a unit of electricity and is

for a significant reduction in operational emissions. Beyond these factors, the increase in electricity sales and in renewable electricity production contributed to the decrease in the carbon intensities of sales and production, respectively.

During 2021, Galp participated in the Climate Ambition Accelerator, an initiative from UN Global Compact, that leveraged the exchange of experience and promoted awareness regarding climate change.

meant to make the energy content of electricity and other fuels more comparable. In the sales metric, renewable electricity sold for electric mobility is multiplied by a factor of 4, to reflect the higher efficiency of electrical engines when compared to ICE, in line with current RED II guidelines.

5.3 Approach to climate change

Carbon intensity methodology

Galp recognises that the communication of its carbon metrics and methodologies is necessary to raise confidence and trust from stakeholders, and that there is a clear need to develop a common approach for the O&G sector. Galp is a member of the technical working group involved in the development of the Science Based Targets initiative (SBTi) for O&G (by CDP) and follows internationally recognised frameworks and guidance (e.g., GHG Protocol, IPIECA, SBTi O&G draft ([link here](#)) to account for its emissions and calculate carbon intensity. The Company's methodology ([link here](#)) is verified by an independent external expert. Whenever the SBTi guidance for the O&G sector becomes available, Galp will evaluate its application and the impacts on the current targets.

Each year, Galp's carbon footprint (operational control) is carefully calculated, based on internationally recognised methodologies and recommendations, and is monitored and verified by a third party.

	CO ₂ e emissions – scopes 1, 2 and 3	Unit	2021
Direct emissions - Scope 1			
Total	mtonCO₂e	3.2	
Upstream	ktonCO ₂ e	490.2	
Industrial & Energy Management	ktonCO ₂ e	2682.6	
Commercial	ktonCO ₂ e	21.2	
Renewables & New Businesses	-	-	
Other	ktonCO ₂ e	4.7	
Indirect emissions – Scope 2 (market based)			
Total	ktonCO₂e	9.1	
Upstream	ktonCO ₂ e	0	
Industrial & Energy Management	ktonCO ₂ e	8.5	
Commercial	ktonCO ₂ e	0.6	
Renewables & New Businesses	-	-	
Other	ktonCO ₂ e	0.03	
Indirect emissions – Scope 3			
Total	mtonCO₂e	46.3	
Upstream	mtonCO ₂ e	3.1	
Industrial & Energy Management	mtonCO ₂ e	36.2	
Commercial	mtonCO ₂ e	6.9	
Renewables & New Businesses	-	-	
Other	ktonCO ₂ e	0.5	
---or---			
Purchased good and services	mtonCO ₂ e	5.6	
Fuel and energy-related activities	mtonCO ₂ e	1.1	
Business travel	ktonCO ₂ e	0.5	
Transportation and distribution (upstream+downstream)	mtonCO ₂ e	0.3	
Processing of sold products	mtonCO ₂ e	1.5	
Use of sold products	mtonCO ₂ e	37.8	
Investments	mtonCO ₂ e	0	

Note: Galp revised its carbon footprint boundaries to better align it with the emissions values used in the calculation of the carbon intensity metrics. Therefore, the emissions from non-operated Upstream assets were included in the scope 1 and 2 emissions calculation (previously accounted in Scope 3 – Category 15 – Investments); the calculation of the Scope 3 – Category 11: Use of sold product is aligned with IPIECA's throughput method; and the Scope 3 – Category 10: Processing of sold products was changed to solely reflect the processing of sold crude in refineries.

5.3 Approach to climate change

CO₂ pricing

Galp incorporates CO₂ and climate-related issues in its decision-making process.

The Company considers that carbon cost internalisation mechanisms such as carbon pricing are the most effective and efficient way to promote the decarbonisation of the economy on a global scale. These mechanisms can simultaneously cover all different decarbonisation technologies with the potential to drive cost-effective GHG emission reductions and promote a comparable impact assessment of the different available options, while securing technological neutrality.

When evaluating investments in new project developments, expansions or upgrades of existing assets, Galp stress tests the impact of the related CO₂ emissions in its metrics and targets before any investment decision. In making this analysis, the Company considers an internal carbon value that changes with time, varying from a present-day value that correlates with the current price of an EU-ETS allowance and increases in time to prices above 200€/tonCO₂e in 2050, ensuring the incorporation of a potential global carbon price and its temporal evolution.

Scenario analysis

By using a dynamic carbon price, Galp demonstrates that it is aware of the future potential changes in regulation, consumer and technological patterns and the risks associated with long-term business plan analysis.

Galp also considers different carbon prices in its scenario analysis, which are based on the international references and forecasts used in scenario modelling. This allows the Company to stress test its long-term strategy and perform sensitivity analysis on the carbon price variable.

Physical and transition climate risk assessment

Galp has been working on the identification and quantification of physical (chronic and acute) and transition climate risks and their impact in its operations and value at risk, following the TCFD recommendations.

This analysis aims to assess the resilience of the Company's strategy to different climate scenarios and integrate the most relevant associated risks in the risk management framework, monitoring their evolution and defining any appropriate mitigation measures.

Galp's participation in industry associations

The energy transition entails companies, as well as the associations they join and in which they participate, reflecting their subscribed commitments. Therefore, Galp carried out an analysis of the main associations in which it participates regarding their climate positioning.

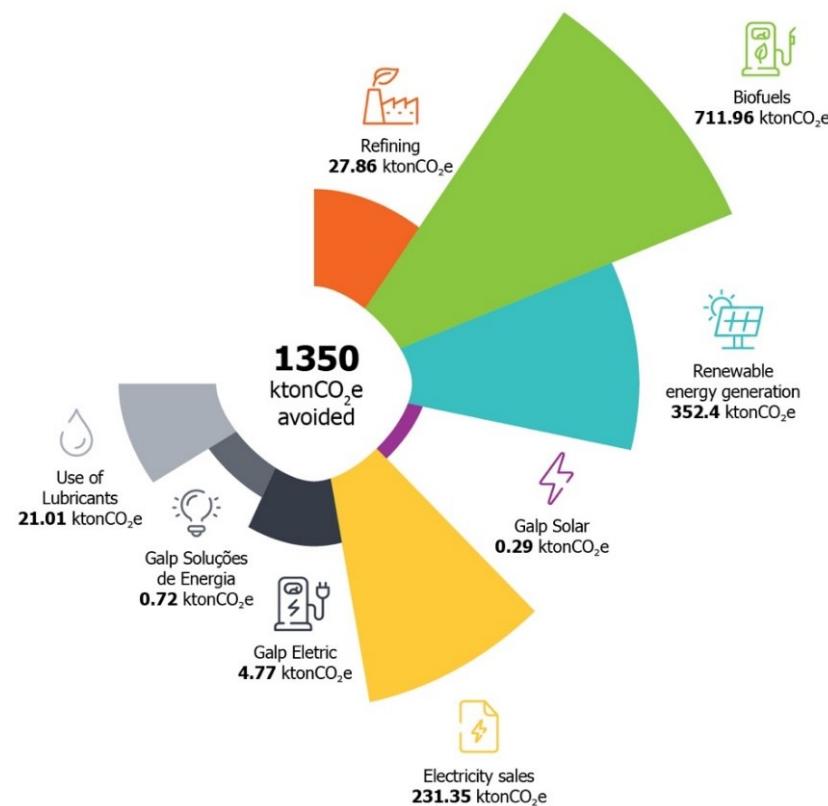
The main goals of the evaluation were to identify the sector associations that are aligned with Galp's purpose, vision, mission and values, with respect to sustainable development and thus to the Paris Agreement and the European Climate Law. Of the 20 associations selected, representing 75% of Galp's contribution to associations, 18 are fully aligned, 2 are partially aligned and none are misaligned. Learn more about Galp's Participation in Industry Associations - Climate Change ([link here](#)).

5.3 Approach to climate change

The road to decarbonisation

Avoided emissions

In 2021, Galp avoided the emission of approximately 1,350 ktonCO₂e through the implementation of energy efficiency measures in the refinery, the integration of biofuels, the production and sale of renewable energy, the supply of



decentralised energy production and energy efficiency services, and the delivery of electricity for electric mobility.

Upstream

Galp's Upstream portfolio is characterised by low carbon intensity and production costs. At 10.3 kgCO₂e/boe, close to half of the industry's average of 17.4 kgCO₂e/boe (IOGP average of 2020), supported on the highly efficient production units and practices deployed.

In 2021 the Company also made a Final Investment Decision to develop Phase 1 of the Bacalhau field in the pre-salt of the Brazilian Santos basin. This project is characterised by an innovative development concept, integrating a Combined-Cycle Gas Turbine system to increase the energy efficiency of the power generation, while decreasing emissions, resulting in an average carbon intensity of less than 9 kgCO₂e/bbl for the entire field's life cycle.

Industrial & Energy Management

Galp continued to focus on improving the energy efficiency of operations in its Sines Refinery, implementing several measures, including the excess air control in the furnaces, which reduced Natural Gas consumption and avoided 5.3 ktonCO₂e/year. The debottlenecking of the catalytic reforming unit allowed the increase of the unit load and the consequential generation of more H₂, avoiding 22.6 ktonCO₂e/year.

Several other actions to improve overall efficiency took place during 2021, such as the cleaning of the atmospheric distillation unit pre-heating train, which will allow the reduction of fuel consumption and avoid CO₂ emissions. The hydrocracker had a scale catcher installed, which will allow a reduction in pressure drop and may permit longer cycles. Skimming was also performed in the Hydrocracker's first stage reactor, permitting a reduction in the steam consumption and consequentially in CO₂ emissions.

5.3 Approach to climate change

Our teams are continuously working to identify and implement new efficiency and emissions reduction projects and currently have identified several projects to be implemented by 2025, with an estimated investment of €32 m which will materialize energy savings of 113 GJ/h and avoid 53 ktonCO₂e/year.

In 2021, Galp started the production of advanced HVO, bioLPG and bionafta at its Sines Refinery. These low carbon products were obtained by co-processing in an HD unit. Additionally, Enerfuel produced c.24 kton of second-generation FAME biodiesel.

The Company continues to explore new ways of producing low-carbon fuels and is currently studying the possibility of integrating products derived from urban and forestry waste in its fuels and evaluating new opportunities in low-carbon maritime fuels.

During the year c.290,000 m³ of biofuels were integrated in the diesel (biodiesel and HVO) and gasoline (bioethanol) sold by the Company. This represents approximately 700 ktons of avoided CO₂ emissions.

In the 2021-25 period, Galp estimates to allocate over 50% of its investments within Industrial activities towards low carbon solutions.

Commercial

All the electricity sold by Galp to new B2C customers during 2021 was of renewable origin, adding to the over 15,000 clients that had already subscribed to the green electricity contracts in the previous year.

Also, in 2021, the following activities stood out:

- Galp electric mobility

The acquisition of Mobilelectric in 2021 gave an extra impulse to rapidly increasing the network of charging points operated by Galp. By the end of the year these totalled 1,146 charging stations in Portugal and 40 in Spain, 197 of which are fast charging stations. Sales of electricity for mobility increased to 3.4 GWh and correspond to an estimated 4.8 ktons of avoided CO₂ emissions.

Through this transaction, Galp was therefore able to reinforce its leading market share position in Portugal and increase relevance in Spain.

- Galp Solar

Galp Solar continued growing its decentralised power business, reaching more than 4,000 clients and an installed capacity of c.13 MW. In 2021, the aggregated annual production from these facilities is estimated at approximately 1 GWh and is equivalent to 0.29 ktonCO₂e of avoided emissions.

- GSE (Galp Soluções de Energia)

GSE implemented energy efficiency solutions in 13 customers, helping to lower their energy consumption and providing energy from less intensive energy sources. These projects are estimated to have avoided 700 tonCO₂e.

- GoWithFlow

Galp's own start-up that offers integrated solutions for its customers in transition to electrification, including charging, fleet management and vehicle sharing systems now encompasses more than 8,000 mobility assets. Savings related to GoWithFlow's services have avoided an estimated 3,250 tonCO₂e.

5.3 Approach to climate change

Renewables & New Businesses

Galp's renewable energy portfolio continued growing in 2021, a year marked by the expansion of the Company's renewables business outside of Iberia with the acquisition of two overseas projects in Brazil. These two projects, located in the states of Bahia and Rio Grande do Norte, add 594 MWp to Galp's solar project portfolio.

The year was also marked by the start of the construction of Galp's first large-scale solar PV project in Portugal. This 144 MWp project materialises Galp's commitment to transform the country's energy sector to a more sustainable model.

Current operating assets produced 1,288 GWh of electricity, corresponding to 352.4 ktonCO₂e of avoided emissions.

Innovating towards a low-carbon world

Aware of the fast pace at which trends and opportunities arise, Galp, in 2021, consolidated its commitment to innovation as a fundamental tool towards a low-carbon world, and reorganised its Innovation department in three centres (Production & Operations, Commercial and Renewables). Each centre focuses on building a portfolio of opportunities in the decarbonisation, optimisation, and digitalisation spaces, boosting the energy transition of the Company's different business units, including monitoring high-impact trends and opportunities, and identifying ideas and solutions that can lead to new services and products whilst simultaneously boosting the innovation mindset, collaboration and the overall culture.

Partnering to boost innovation

Innovation and technology will be the future, and as Galp changes its portfolio, the needs for partnering arise.

Galp launched the Upcoming Energies platform in 2021 with the aim of accelerating the innovation ecosystem, redefining the energy business, and helping people's lives. The platform comes as a response to this challenge and will be present in the Portuguese and Brazilian ecosystem, opening doors to future Galp network projects in ten countries, for now. Upcoming Energies will invest up to €180 m in Research, Development, and Innovation projects during the 2021-25 period.

The concept of Upcoming Energies is to establish an open door to the external community of research, development and innovation (R&D+I), based on targets, collaborative programmes, materialised projects with start-ups, suppliers, universities and partners, as well as with new stakeholders that will come to integrate the innovation ecosystem in the energy sector.

Simultaneously, the Innovation Studio, a pool of innovation experts to boost projects with tools and methodologies, will work across the different innovation centres and initiatives to i) accelerate the development process of new products/services; ii) conceive, test & validate through innovation methodologies & tools; iii) work with talented entrepreneurs & venture builders.

Overall, in 2021, 77 partners were engaged in projects, culminating in 6 acceleration programs, 18 pilots and 25 projects closed. The main topics covered in these projects were sustainability, digital, production optimisation, operations enhancement and new energies engagement.

5.3 Approach to climate change

Other innovative projects

Galp is committed to develop innovative and scalable solutions that boost the new energy agenda and fully deliver for the low-carbon economy. This is why, during 2021, Galp continued to implement innovation projects throughout its business areas:

- Drones for solar plant performance monitoring
Deploying drones and aircraft to inspect and monitor solar PV plants, to improve anomaly detection and maintenance intervention planning.
- Geological storing of CO₂ in strategic territories
Galp joined the pan-European consortium PilotSTRATEGY - CO₂ Geological Pilots in Strategic Territories to study the geological storage of CO₂ in deep saline aquifers in industrial regions in Southern and Eastern Europe.
- NetMIX Projects
Projects using the NETmix catalytic reactor to sequester CO₂ in hydrates and then convert CO₂ into CH₄ to boost decarbonisation in industrial processes and to continuously produce liquid hydrocarbons from synthesis gas (CO and H₂).
- Low-carbon fuels
Galp launched Bio4Portugal, a project focused on using lignocellulosic residues for low-carbon fuel production for the transport sector, aiming to develop and demonstrate the viability of a biorefinery to produce advanced bioethanol exclusively from forest residues.
- Electric mobility
The V2G Azores project received the Regulator's (ERSE) recognition and approval under Art. 95 of the Electric Mobility Regulation Framework. The

10 EVs in the project have so far consumed 82 MWh and injected 45 MWh back on the grid, and the associated business model is under preparation.

- Energy storage

In partnership with Galp Solar, Galp's Innovation team is working on a set of pilot projects focusing on coupling storage with Solar PV for B2C and B2B clients. The aim of the project is to test smart batteries as an add-on product in the Iberian market, reinforcing our offer of decentralised energy solutions and developing a proper sizing calculator tool to couple PV with batteries, evaluating the possibility and profitability of providing ancillary services to the grid.

- Hybridization of solar PV plants with wind turbines

After techno-economic validation, Galp is working on hybridizing some of its renewable energy generation assets. On top of boosting the profitability of those assets, this also brings better utilization of the transmission infrastructure. Galp is now looking into further hybridization using new technologies like large scale energy storage.

5.4 People at the centre

Our Goals



74%

Engagement level aligned with 55 high-performing organisations globally, as per Korn Ferry's study



>90%

Local hiring



Accelerated convergence to gender parity until 2030

Our Progress



74%

Talent Attraction and Retention



99%

Local Community Development



33%
Women in all management positions

Material topic

Our alignment with the SDGs

SDGs and key targets



5
GENDER
EQUALITY

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



8
DECENT WORK
AND
ECONOMIC
GROWTH

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



9
INDUSTRY,
INNOVATION
AND
INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialisation

5.4 People at the centre

6,152
Employees

56

Nationalities

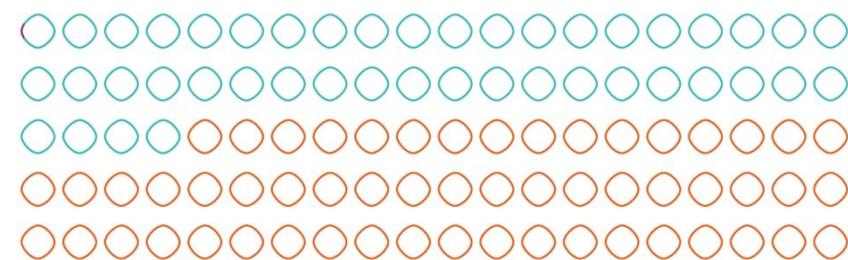
10[®]
Countries

Distribution by Region



● 3,282 Portugal ● 2,295 Spain ● 491 Africa
● 75 Brazil ● 9 Rest of the World

Distribution by age



23.5% Women in BoD **2,711** Women **3,441** Men

278
In

337
Out

5.4 People at the centre

Human relations are the most exponential technology

Full human potential is intrinsically linked with sustainable development, as it is needed to foster life-long opportunities, promote knowledge and skills, foster diversity and inclusion, promote well-being, and ensure the respect of human rights.

Galp believes in managing talent and human potential through an integrated approach, strongly rooted in recruitment, integration, performance management, reward, recognition, learning and training, mobility, well-being and Company's values, as well as with the sustainability of the future and the present, in particular the just transition.

Galp is building a new story together and has a new set of principles to drive the Company culture forward, as One Galp.

Galp is...



change agile

it is innovative, agile and always learning and looking for opportunities for growth



internally aligned

works as One Team, promoting trust, transparency and respect at all times



externally focused

it is customer centric and focus our efforts on meeting customer's needs



results and improvement driven

always takes accountability and ownership of the outcomes and is passionate about delivering and self-improve

5.4 People at the centre

Empowering People

During 2021, Galp defined a clear purpose when it comes to its employees: "Reenergise our People". This means making Galp a great place to work, in which people thrive to their ultimate potential, by means of empowerment and trust-building, working smartly, productively and in a balanced way. A place with an open, engaging, and dynamic culture, where everyone enjoys challenging jobs and is encouraged to take risks and try new things.

Flexible work schemes

Galp is changing the way to work, having implemented a new hybrid model for a new Galp. This means increasing flexibility between remote and in-office in order to promote a better work-life balance.

Simplified people management processes

Galp simplified its people management processes, hoping to create a more dynamic environment and empowering the organisation.

Fair compensation aligned with market best-practices

A good compensation framework needs to be consistent and fair; it needs to be competitive externally, and it needs to reward the good performers. Therefore, Galp performed an extensive market benchmark for every geography where the Company operates and with relevant peer companies, and set its position to be a top-half payer for similar roles, positioning its pay in the second quartile.

Diversity and inclusion

The business case for diversity and inclusion is growing stronger and Galp is actively taking action to create a long-lasting diverse and inclusive culture, in all its aspects – gender diversity, LGTBIQ +, different capacities, senior talent, and experiential and cognitive diversity – and making the Company a great place to work.

In 2021, Galp was recognised by the Human Resources Portugal Awards in the category Diversity and Inclusion. Also, Galp was once again selected by the Bloomberg Gender Equality Index for the excellence of its gender and equality practices, along with 380 companies.

In 2021, Galp reviewed its People Strategy, with a dedicated workstream for diversity and inclusion, which launched an internal and voluntary survey to all employees to understand what they consider most important.

Gender equality

Galp set the goal to work on an accelerated convergence to gender parity, by 2030, in all management and non-management positions.

With more than 40% of employees being female, the Company's commitments to gender equality are particularly addressed by Galp's active participation in the IGEN Forum (Organisations for Equality Forum), "Gender Equality Target" working group from the UN Global Compact and in the continuous work developed by a permanent and multidisciplinary internal taskforce.

5.4 People at the centre

People with disabilities

Galp works alongside institutions such as the Red Cross and Fundação La Caixa to hire people with disabilities. Galp, in Portugal, is a part of the Inclusive Community in Forum and, in Spain, Galp joined the Adecco Foundation disability awareness campaign.

As of December 31st, 2021, Galp had 6,152 employees.

Professional category	Age			Gender		Nationality	
	<30 years	30-50 years	>50 years	Female	Male	Portuguese	Other
Top management	0	155	88	61	182	189	54
First line management	5	345	138	180	308	362	126
Experts	167	1,035	388	642	948	1,005	585
Other	467	2,447	917	1,828	2,003	1,512	2,319
Total	639	3,982	1,531	2,711	3,441	3,068	3,084

Managing talent and potential

Attracting new generations of professionals

To address the new challenges ahead, from different viewpoints and experiences, Galp is fully aware of the potential of attracting young talent, and has been consistently promoting its trainee programme, Generation Galp.

Its 2021 edition welcomed a group of 47 trainees, 38 in Portugal and 9 in Spain, 64% of which are women and 36% are men. For the first time, Generation Galp programme was launched in Mozambique to attract and train promising young Mozambicans up to the age of 30. Under the motto #BringYourEnergy, Galp in Mozambique welcomed six trainees in six different Company departments.

In 2021, Galp launched the first edition of "Ready. Set. Galp", a student internship programme for developing and training young talents. A group of 16 students with different backgrounds and aspirations enrolled for this first edition.

At Galp we believe in empowering our employees, letting them be the protagonists of their own development. This means giving our employees detailed information regarding the approaches, methodologies and tools we have at our disposal, across the entire company and in each business unit.

Galp's 70-20-10 learning strategy (Do, Share, Know) allows employees to explore, in an integrated way, their learning and development potential, sustaining change where the company expects it to effectively happen in the day-to-day, thus promoting the personalised development of skills for the future.

In 2021, Galp was once again recognised by the Human Resources Awards Portugal, in the Academies category.

5.4 People at the centre

	Hours of training			Hours of training per employee (average)			Investment in training (€m)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Female	76,056	63,665	71,521	27.5	24.4	26.4	-	-	-
Male	125,798	105,703	110,134	33.7	30.2	32.0	-	-	-
Total	201,854	169,368	181,655	31.1	27.7	29.5	3.0	1.3	1.8

Promoting exponential knowledge and reskilling talent

As the pace of energy transition accelerates, so does the need to carefully plan and ensure the social dimension of the just transition, in particular, promoting, reskilling and nurturing talent.

- Digital literacy programme
Galp launched a new digital literacy programme, called Let's Get Digital, on g-loud (the Company's intranet) adapted for its people and with the promise of accelerating digitisation within the Company.
- Leading@Galp
Leaders play a big role in transforming Galp. The Leading@Galp programme focuses on accelerating the development of future leadership skills and is focused on self-knowledge, experience sharing and skills for the future.
- Mentoring at Galp
Development tool promoted with the goal of enhancing the mentees' ability to influence their career paths, according to their profiles, motivations and ambitions.
- Singularity University
Galp, as a founding member of Singularity University in Portugal, is exploring upcoming changes and disruptions, developing an open mindset

for technological advancements and responding to society's major global challenges, in particular, regarding the future of energy and clean tech.

- Tech Boost Programme

With this course, Galp aims to promote knowledge in identifying and using data to guide and inform business decisions. 51 professionals participated in this programme in 2021.

Galp has also joined the People working group from Business Roundtable Portugal with the goal, amongst others, of contributing to the paradigm change of employee requalification. Galp's participation in this working group is particularly targeted at defining requalification needs for excellency in sales, software programming and green jobs.

Promoting our People's potential

In 2021, Galp implemented a new performance and potential evaluation model with the aim of guaranteeing a closer alignment between employee performance and the Company's values and purpose. We continue to promote 360º feedback and People Days dedicated to reflecting and debating the performance, potential and development needs of our people.

100% of employees were covered by performance appraisals in 2021.

Promoting internal mobility

For Galp, the benefits of internal mobility for people and teams are clear. This development opportunity allows employees to diversify experiences, build their network and become more agile. Galp's internal mobility programme is part of the Company's integrated approach to the development of employees and their careers.

5.4 People at the centre

In 2021, Galp registered 170 people changing between departments, originating in over 30 departments and with new allocations to over 40 departments.

Communicating with employees

Understanding how employees feel and think about Galp is crucial for the Company. Galp gathers continuous feedback through an annual employee engagement survey – the “People survey”, which in 2021 had an 82% employee participation rate. It is worthwhile highlighting that 83% of our employees feel proud of working in the Company and 92% feel they are treated with respect.

During 2021, Galp promoted the “Galp Town Hall”, an event in which members of the Board address specific topics and engage in sessions of Q&A with employees. 25 external and internal events were held in 2021, with more than 7,711 people impacted.

Employee well-being

In a year still characterised by the Covid-19 pandemic, Galp has oriented its health activity to prevent and mitigate the risks associated with the disease, to ensure a safe and healthy work environment for all its employees, to serve its customers, and for the resilience of its operations.

Mental and physical well-being

With a clear focus on employee mental well-being, Galp promoted meditation sessions and provided psychological support services, entirely free of charge.

Also, GAP and Pilates workout sessions were provided to employees, to increase mobility, prevent injuries and strengthen motion.

Health centre

In 2021, Galp concentrated its occupational medicine and curative medicine services in Lisbon in a single space that, in addition to being optimised, is now used by employees, retired employees, and their families.

The medical centre has a number of services available: internal and occupational medicine, dentistry, gynaecology, ophthalmology, cardiology, neurology, otorhinolaryngology, urology and nutrition.

Impact on the community

Charting a common path, with the necessary balance between growth and the well-being of the population, their needs, both actual and future, and the preservation of ecosystems, is a commitment Galp makes to communities and the environment where it operates.

Galp, considering each context and geography where it operates, develops investment plans with the goal of creating shared value for society. The role the Company assumes is to be influential in the promotion of sustainable development, aligned with society's needs and demands, the just transition and the Sustainable Development Goals.

5.4 People at the centre

Social licence to operate

All projects in production and development phases are subject to consultation with communities and other stakeholders.

Aware of the impacts of its activities, Galp takes great care in obtaining a social licence to operate, continuously looking for the approval of the local community and other stakeholders and broad social acceptance, and making sure its activities are conducted according to the highest possible standards.

For Galp, it is decisive to understand the expectations of the local community. Therefore, the Company identifies, analyses, estimates, assesses and monitors these expectations through an appropriate stakeholder consultation and engagement process, including grievance mechanisms suited to each phase of the project.

- **São Tomé and Príncipe**

In 2021, in São Tomé and Príncipe, Galp, as a responsible operator, developed a stakeholder engagement plan for drilling activities at a well, together with Shell and the National Petroleum Agency.

In addition, Galp followed up the work initiated in 2020 to support the local community, through social projects. In 2021, the engagement with different stakeholders, such as the government, local municipalities and schools, was continued and construction of the social project was started. An example of this was the start of the refurbishment of the school, together with the construction of a new sports infrastructure in the town of Madalena, which are still ongoing.

Investing in the community to generate impact

Galp takes on the challenge of being a key partner to the communities where it operates, developing initiatives adapted to the specific communities, with the goal of promoting permanent and transformational results.

5.4 People at the centre

We play an influential role in local sustainable development, promoting well-being through social projects, primarily promoting access to energy and education, reinforcing Galp's contribution to the achievement of the Sustainable Development Goals (SDGs). Galp has identified these causes by considering three strategic areas, which resulted in community initiatives:



Sustainable energy and biodiversity protection

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

Sustainable energy and natural resources protection

Until 2021

- **Enabling access to renewable energy in rural areas of Mozambique** | Ensure electricity to 123 infrastructures (public lighting, schools, health units and domestic homes); around 6,000 Mozambicans impacted; estimated reduction of 54 tonnes of CO₂/year
- **Clean energy for cooking in Guinea Bissau and Mozambique** | +220,000 inhabitants; +100 thousand hectares of deforestation avoided; +530 thousand tonnes of CO₂ avoided

Reforest and promote the preservation of biodiversity

Until 2021

- **500,000 native species of trees planted** in Portugal, with the potential of 42.5 kton CO₂ sequestered over the next 30 years

Target in 2025

- +20,000 Mozambicans impacted in community development programs for biodiversity protection
- +280 Mozambicans impacted in coral reef conservation initiatives



Education and Knowledge

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

Construction and improvement of basic infrastructures (classrooms, libraries, sports facilities)

Until 2021

29 infrastructures completed.

Target in 2025

Achieve 100 new infrastructures in African countries.

Access to education and promotion of equal opportunities

In 2021

7,736 people impacted; 3,200 computers and other technologic devices provided; 1,065 Scholarships

Target in 2025

Plus 39,171 people impacted

Training and skills development within the scope of energy and sustainable development

Impact in 2021 — since 2010 up to 2021

- + 2.0 million students and teachers impacted
- + 17,070 schools
- + 5,000 energy classes
(In 2021, 38,899 students & teachers and 824 schools)

Target in 2025

Plus 100,000 students & teachers and 1,845 schools.



1,503 thousand direct beneficiaries



Social Emergencies

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

Social support and humanitarian aid

Impact in 2021

- + 1,452,764 people helped

COVID 19 | Food emergency response

"Every step counts" challenge, "one kilometer, one meal"

- 2.2 tons of goods (food & water purifiers) distributed in 9 locations in Sofala Province, Mozambique.
- 1,100,000 people received meals assistance in Portugal
- 500 orphan children received support in Eswatini
- 1,000 families in Brazil received meals assistance

Displaced Communities in Cabo Delgado, MZ

Target 2021/2022

- Provision of Fuel for the vehicles on the terrain and LPG for the kitchen in order to help in the confection of food for the IDPs affected by the conflicted in Cabo Delgado | 300,000 direct & indirect beneficiaries, with Makobo platform NGO
- Access to quality education, nutrition and women empowerment. Construction of classrooms & restauration of damaged infrastructures due to the armed conflict in the region | 3,674 direct beneficiaries (students, teachers); +10,277 indirect beneficiaries, with Helpo NGO and Camões Institute
- Activation of Community and Institutional Networks for the Protection of Displaced School-age Children and Young People - Míéze | 25,582 beneficiaries (students, teachers), with Helpo NGO and Camões Institute



797 volunteers 1,298 h of volunteering

5.4 People at the centre

Responding to climate emergency partnering with younger generations

Galp is reinforcing its commitment to social innovation initiatives, the goal of which is to achieve a greener future and respond to the climate emergency.

- Apps for Good | New Climate Action and Wellbeing Programme
Technological education programme implemented by CDI Portugal - an NGO for social inclusion and digital innovation - to challenge young students to create a technology product that addresses a climate issue impacting their community.
- Triggers Acceleration Programme
To stimulate the generation of environmental impact ideas, this program, promoted by the Santa Casa da Misericórdia de Lisboa (Casa do Impacto), gives voice to 25 start-ups with innovative projects.

Restoring humanity to the communities

- Helping people affected by the Ukrainian conflict
Galp is an active part in helping those affected by the war and energy crisis in Europe, resulting from the Ukrainian and Russian conflict. A donation of €2.5 m to the Red Cross and the cost of fuel for humanitarian flights that transport Ukrainian refugees to Portugal was supported by Galp. In addition, a set of initiatives including partnerships for the supply of energy and goods (donation of welcome kits, food and essential goods) to refugee centres, school grants for young Ukrainians and a trainee program designed for Ukrainian refugees are also in the pipeline. In total, Galp will allocate €6.5 m for humanitarian support and engage with several partners such as the Red Cross, the Government, Municipalities and companies to assure an agile response.

- Helping families with meals assistance
The "Every Step Counts" movement, launched by Galp, resulted in more than 1 million meals delivered during 2021. The movement "one kilometre for a meal" challenged people, Galp's employees and society in general, to make their steps count for a good cause and was recognised by APEE with an honourable mention in the Community category.
- Helping displaced citizens in Mozambique
Galp supported the integration of internally displaced citizens in Mozambique as a result of the armed conflict, in a partnership with Camões Institute and the NGO HELPO, by providing emergency support, survival kits and with the creation of infrastructures essential for integration.
- Bringing solar energy to schools
Integrated in the Galp Education Programme for Energy Transition and Climate Response, "Energy Up", Galp Foundation and Galp Solar challenge Portuguese schools to present their energy efficiency and sustainable mobility projects. The winner receives a photo-voltaic installation.

5.4 People at the centre

Measuring our impact

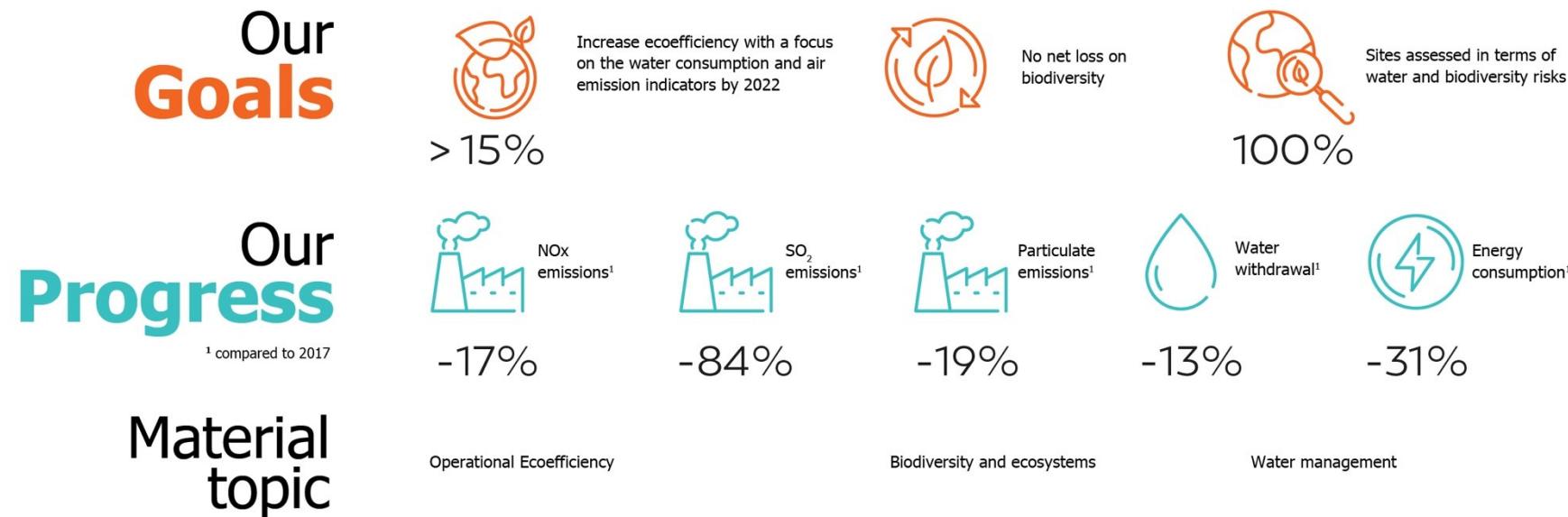
Ensuring full transparency, Galp assesses the social impact of its projects, monitoring its returns in terms of benefits to the community, in relation to the defined social objectives and using the methodology of the Business for Societal Impact (B4SI), previously known as the London Benchmarking Group.

Galp also tracks its community investment per SDG. In 2021, most of these initiatives were aligned either with Galp's community strategy or with SDG 4: Quality Education (85%), followed by SDG 17: Partnership for the Goals (7%).

Motivation (€m)	
Donations	0.7
Community investment	22.9
Commercial initiatives in the community	1.2
Motivation (€m)	
Europe	2.7
Middle East and Africa	1.2
South America	21
Total (€m)	
24.8	
Volunteering	
Number of volunteers	797
Volunteering hours (Galp employees)	1,298

In 2021, 13% of Galp's employees volunteered for community initiatives, a performance above average when comparing to B4SI network average of 7.6%.

5.5 Reducing the ecological footprint



Our alignment with the SDGs

SDGs and key targets



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



Target 9.2: Promote inclusive and sustainable industrialization



Target 12.2: Achieve sustainable management and efficient use of natural resources
Target 12.4: Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle
Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse



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

5.5 Reducing the ecological footprint

Galp is committed to the continuous improvement of performance, promoting the adoption of the best available technologies, setting goals and targets, and periodically monitoring performance in all geographies, subject to third party reviews. Galp implements efficiency measures for the use and management of resources in all phases of the life cycle of installations, products and services, from the conception and design, operation and useful life, to the end of life and decommissioning.

	2018	2019	2020	2021	of which, Refining ¹
Direct energy consumption by primary sources (TJ)	41,688	40,906	38,863	34,249	99%
Purchase of electricity (TJ)	1,771	1,597	1,558	1,389	82%
Total raw water withdrawal (10 ³ m ³)	10,319	10,774	9,881	9,435	88%
Wastewater (10 ³ m ³)	6,455	5,989	5,913	5,822	90%
Waste produced (ton)	44,203	39,674	27,894	20,355	58%
Number of primary containment losses that impacted the environment ²	8	3	7	11	9%
Volume of primary containment losses that impacted the environment (m ³) ²	14	61	302	44	0.5%
GHG Emissions under the European Union Emissions Trading System (tonCO ₂ e)	3,216,219	3,258,709	3,067,805	2,674,058	100%
NOx emissions (ton)	1,530	1,458	1,384	1,349	97%
SO ₂ emissions (ton)	3,957	3,069	1,113	922	99%
Particulate emissions (ton)	221	243	182	183	99%
Methane emissions (ton)	n.d.	n.d.	682	491	24%
Production Carbon Intensity (gCO ₂ e/MJ)	89.4	87.3	82.5	81.6	-
Downstream sales Carbon Intensity (gCO ₂ e/MJ)	75.2	74.8	74.9	73.7	-
Carbon Footprint – Direct Emissions (tonCO ₂ e) (scope 1) ³	3,700,186	3,745,540	3,591,892	3,198,740	84%
Carbon Footprint – Indirect Emissions (tonCO ₂ e) (scope 2 – market based) ³	133,516	112,504	42,026	9,149	0%
Flaring gas – Upstream (Mm ³)	55.3	50.0	40.2	34.5	0%

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

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

³ Galp revised its carbon footprint boundaries to better align it with the emissions values used in the calculation of the carbon intensity metrics. Therefore, the emissions from non-operated Upstream assets were included in the scope 1 and 2 emissions calculation (previously accounted in Scope 3 – Category 15 – Investments). Historical figures 2018, 2019 and 2020 reflecting the new methodology calculation.

5.5 Reducing the ecological footprint

Protecting water resources

Galp promotes an efficient and responsible use of water across all operations, monitoring water risks in 100% of them. As water is a material topic getting higher relevance within the scope of our current and future activities, in 2021, the assessment tool was updated, guarantying a more accurate and transparent report. From the global universe of Galp's facilities, 19% are located in areas with high overall water risk and 9% in areas with extremely high overall water risk, according to the WRI Aqueduct Water Tool, developed by World Resources Institute (WRI).

Galp acts responsibly and proactively to protect water resources, safeguarding their quality and availability in the ecosystems. In 2021, 14% of water was recovered in Galp operations.

In addition to the appropriate management of Galp's potential impact in this domain, Galp regularly and transparently communicates the mapping of its operations, according to the risk associated with the water use ([link here](#)). The mapping carried out in 2021 showed that 9% of our operations are located in areas with extremely high overall water risk, representing only 0.06% of Galp's total water consumption. The sites located in areas with high overall water risk, represent 71% of Galp's total water consumption, mainly due to the representativeness of the Sines Refinery.

In refining, where water consumption represents 88% of the total water used in the Company's operations, Galp has adopted efficiency measures to reduce water consumption, improve wastewater treatment, and reduce associated discharges. Reuse and recycling water measures are currently implemented in the refinery, such as the reuse of water in the fire and garden water systems and the reuse of process water, totaling 15% of total water recycled. Several recycling water projects are being developed in the refinery, namely the installation of a tertiary treatment of the industrial effluent to increase the

amount of wastewater recycled. The quality of underground water resources is also monitored through a systematic and periodic control. Therefore, despite the high consumption, water is a priority and material topic for the refinery.

Protecting biodiversity, habitats and species

Galp is committed to protecting biodiversity and ecosystems across all geographies where it operates, ensuring the preservation of natural areas and species throughout the lifecycle of projects.

We have pledged not to operate, explore, mine or drill in World Heritage sites and categories I-IV protected areas of the IUCN (International Union for Conservation of Nature).

Our commitments are based on internal standards and procedures, aligned with the IMO (International Maritime Organisation), IOGP and IPIECA (Global Oil and Gas Industry Association for Environmental and Social Issues) guidelines, focusing on a better integration of biodiversity into environmental impact assessments and the identification and implementation of appropriate solutions for managing activities in potentially sensitive areas of biodiversity.

All projects are monitored and assessed in terms of their environmental impact, following the mitigation hierarchy (avoid, minimise, restore and compensate) in areas where we operate that are sites of globally or nationally relevant biodiversity.

An annual mapping of biodiversity preservation and protection areas around Galp facilities, up to a 50 km radius, is carried out, using the IBAT (Integrated Biodiversity Assessment Tool), to identify risks and impacts on biodiversity. The number of threatened species in areas surrounding our operations is also monitored according to the IUCN Red List.

5.5 Reducing the ecological footprint

None of our biofuel, cogeneration and refining operations are in areas of significant biodiversity relevance. For this analysis, the Key Biodiversity Areas (Alliance for Zero Extinction Sites and Important Bird and Biodiversity Areas) and the protected areas by the IUCN, Natura 2000 Network, Ramsar and UNESCO's World Heritage sites were considered. Only 4 out of the 85 Galp sites, equivalent to 4.7%, are located (in situ) in areas of significant biodiversity relevance: ParkAlgar Solar Park and Mitrena and CLCM Storage Facilities in Portugal and the LNG Plant (Rovuma) in Mozambique. More detailed information can be consulted in Galp's Biodiversity Risk Assessment 2021 ([link here](#)).

- **Non-operated blocks**

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

- **Renewables**

To ensure biodiversity protection and social acceptance in renewables projects, both in new and implemented projects, a taskforce was created in 2021 to define a strategy and roadmap that addresses Galp's main concerns as well as those of stakeholders and local communities. Galp believes that by defining a structured biodiversity and social acceptance programme for its Renewables business, the Company can fully integrate society's needs with those of the energy transition.

Reducing deforestation

Galp is committed to reducing deforestation associated with commodities it produces. The main focus is to avoid all deforestation of indigenous species and

compensate with future reforestation, wherever it is impossible to evade deforestation. Galp's current target is to implement all our Environmental Impact Declarations conditions and ensure full implementation of our no net deforestation initiatives.

In 2021, Galp's target was to implement 15 new projects with 8 of them avoiding deforestation and 7 requiring deforestation compensation measures. However, only 6 of the 15 projects were implemented, 1 avoiding deforestation and 5 requiring deforestation compensation measures such as the plantation of 2 ha of cork oaks in the Algarve region of Portugal. For 2022, Galp plans to implement 19 new projects, all of them avoiding deforestation.

	2020	2021	Target 2021	Target 2022
Number of sites that avoided deforestation	18	1	8	19
Number of sites that required deforestation compensation measures	19	5	7	0

Promoting circular economy

Galp aims to produce low-carbon energy, increasing the input of secondary raw materials in the development of new products, obtaining economic and environmental advantages, and promoting a circular economy.

By transforming Sines from a grey refinery to a green energy hub in 2030, Galp will be able to develop high-return efficiency projects that incorporate reused materials to produce low-carbon products.

5.6 Developing a conscious business

Our Goals



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



Accident Frequency Index (IFA)



Tier 1 supplier evaluated in terms of ESG

Our Progress



in the last
3 years



Safety



Sustainable Supply Chain Management

Material topic

Human Rights

Safety

Sustainable Supply Chain Management

Our alignment with the SDGs

SDGs and key targets



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



Target 16.5: substantially reduce corruption and bribery in all its forms
Target 16.6: develop effective, accountable and transparent institutions at all levels
Target 16.b: promote and enforce non-discriminatory laws and policies for sustainable development



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

5.6 Developing a conscious business

Culture of transparency and ethics

Ethics are non-negotiable at Galp

Ethics is a fundamental topic at Galp, and a non-negotiable one. For Galp, creating value to its stakeholders must be done by acting ethically and in a transparent manner.

Galp's Code of Ethics and Conduct is one of the main expressions of the Company's corporate culture and a guide for professional and personal behaviours of all people, in particular employees and business relationships.

EthicsWeek@Galp was the first edition of an event created with the objective of celebrating ethics and shining new light on the importance of compliance and ethics, taking it to a new level. For this event, people were asked to select five questions about ethics that matter the most and more than 600 adhered to the challenge. During one full week of 2021, the Company's CEO and Chairperson addressed the most voted questions, in video format, reenergising the topic of ethics at Galp.

Also, in 2021, a Talks@Galp on Ethics was held with around 240 participants.

Embracing ethics

Galp's journey to make the Company a great place to work involves providing a safe work environment, free from discrimination and harassment. Galp's commitment to create this safe work environment includes:

- Acting according to ethical principles

- Encouraging respectful behaviour and diversity
- Actively detecting and reporting all types of behaviour, whether in the form of harassment or inappropriate behaviour against employees

This year, in line with best practices and the values and commitments in the Code of Ethics and Conduct, Galp revisited its Discrimination and Harassment Prevention Policy, reinforcing its zero-tolerance policy against any and all forms of harassment.

Communicating irregularities

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

In 2021, Galp renovated this channel, guaranteeing a closer alignment with the European Directive to increase the confidence of its people. The refreshed channel now allows for the use of additional means of communication (namely WhatsApp) and the initial treatment of irregularities is now handled by a third party that ensures its follow-up.

In 2021, the Ethics and Conduct Committee received twenty five reports which were investigated under the Reporting of Irregularities Internal Standard. From the reports received, 20 were related to moral harassment in the workplace, 1 to discrimination in a service station, 1 to potential conflict of interests, 1 to the legal framework applicable, 1 to alleged anti-trust practices and 1 to misappropriation of assets. Of the 25 cases reported, 8 were archived due to the lack of evidence of the facts described, 1 required the adoption of disciplinary

5.6 Developing a conscious business

measures by the Company, 7 required the adoption of measures by the Company in order to adapt the conduct to the standards established in the Code of Ethics and Conduct and 9 are in progress.

Combating corruption

All corrupt practices are strictly prohibited by the Galp, and the Company works continuously to ensure the integrity of its commitment to prevent corruption, in all its active and passive forms.

For this purpose, Galp has a Corruption Prevention Policy and Internal Standard, which is applicable to the Group and its employees. Pursuant to such principles, rules and procedures, Galp assumes the commitment to permanently promote full compliance with the provisions of the Code of Ethics and Conduct and prevailing laws, and the objective is to adopt the best practices of transparency expressed in various international standards, such as the United Nations 2004 Convention to Combat Corruption (UN Global Compact 10 principles).

In 2021, in order to promote upright behaviours, a transversal e-learning course with topics related to corruption and conflict of interests was promoted, and 2,500 people completed the course.

Addressing Human Rights

Protect, Respect, Repair

Galp is committed to acting so that none of its actions and management activities lead, directly or indirectly, to the abuse or violation of human rights in the various social, political and cultural contexts where it operates. Galp adopts a continuous due diligence process that includes the definition of action plans and their monitoring, to ensure that its practices are in line with Galp's Human

Rights Policy. There are three focus areas where the respect for human rights is particularly critical in the way the Company operates: Communities, Employees, and Suppliers and Partners.

In 2021, Galp conducted a human rights assessment of its operations in Mozambique, Cape Verde, Eswatini and Namibia, interviewing employees and service providers on various topics, including health and safety, child labour, discrimination and diversity, vulnerable groups and communities, among others.



5.6 Developing a conscious business

Protecting people and assets

Responsibility creates safety

Galp believes safety really matters and one of its critical objectives is to ensure the safety of assets, people, and the environment, the ultimate ambition being to achieve zero accidents.

Every day Galp seeks to act in accordance with the best safety practices, making use of international guidelines and experts in the field. In addition, Galp assumes the skills and the empowerment of its employees and partners as a basic condition for the fulfilment of its commitment and responsibility regarding safety.

- **Safety culture**

The transformation journey has started towards a just culture in which people are encouraged to speak up when something is not quite right, where the environment is safe to ask questions, and positive behaviours are recognised and acknowledged.

In 2021, a safety leadership and culture transformation programme was launched at the Sines Marine Terminal, designed to build core leadership skills for supporting safe daily working at all levels in the organisation. The programme was crafted having in mind the contributions and personal values of the participants, including members of the leadership team, operations, maintenance and external contractors. In 2022, a similar process will be held in the Commercial and Renewables business units.

In addition, Galp launched a survey regarding the safety culture at the Sines Refinery and continued to promote its behaviour-based safety programme (called Safety Talks), with the aim of highlighting safe behaviours and correcting unsafe ones.

For 2022, Galp is committed to implement several initiatives to create positive impact in its safety performance. Some of the initiatives include the evaluation of the personal and process safety culture in the industrial areas, the deeper involvement of the executive committee in safety topics, the roll out of a new Behaviour Based Safety programme, among others.

Regarding training on safety and health topics, in 2021, a total of 25,540 hours was provided to 2,556 people from all geographies where Galp operates.

- **Personal safety performance**

In 2021, there was an increase of accidents both in employees and service providers. The top 3 typologies were: same-level falls, overexertion or strain and explosions or burns.

	2019				2020				2021			
	Fatalities	Accidents	LTIF ²	TRIR ³	Fatalities	Accidents	LTIF ¹	TRIR ²	Fatalities	Accidents	LTIF ¹	TRIR ²
Employees	0	19	1.5	1.9	0	13	0.8	1.1	0	21	1.2	1.9
Service providers	0	13	0.8	1.6	0	15	0.3	1.0	0	18	1.2	1.6
Total	0	32	1.1	1.7	0	28	0.5	1.0	0	39	1.2	1.7

² LTIF (Lost-Time Injuries Frequency): all accidents with lost time (including fatalities and accidents with sick leave) per million work hours.

³ TRIR (Total Recordable Injuries Rate): all accidents (includes fatalities, accidents with sick leave and medical treatment, excludes first aid) per million work hours.

5.6 Developing a conscious business

- **Process safety**

In 2021, Galp carried out a process safety assessment at the Sines Refinery and introduced the Production and Operations team to the Process Safety Fundamentals.

Process safety event rate	2019	2020	2021	Target 2022
Tier 1 ⁴	0.10	0.07	0.13	0.05
Tier 2 ⁵	0.17	0.48	0.49	0.15

Security

Galp assesses the security levels of its facilities, defining and implementing active and passive measures in order to reduce risk. In 2021, Galp reassessed the facilities risk level and launched a Red Team exercise programme to assess the vulnerability of the Sines Refinery.

Galp is a signatory of the Voluntary Principles on Security and Human Rights, working diligently to incorporate these principles into its operations and business.

Cybersecurity

Galp is reinventing itself and its path, in both the energy and the digital transition, is to make the transitions inseparable and central to the sustainability of the Company. Given this context and the global increase of the cyber-threat risk to organisations and their digital systems, Galp is reinforcing its cybersecurity resilience by anticipating risk and threats.

⁴ Tier 1 is a primary containment failure with major consequences: unplanned release from a process of any material, including non-toxic and non-flammable materials, resulting in very serious consequences.

In 2021, Galp consolidated its cybersecurity risk assessment for suppliers, integrating it into the procurement process. Galp also formed a "Red Team" to continuously test all digital assets of the organisation and implemented several improvements in the Company's networks, data and infrastructure.

Galp is also strengthening its cybersecurity culture. In 2021, the Company launched an internal space called "CyberOn", with dozens of news items, recommendations, best practices, alerts, and phishing exercises, aimed at engaging and raising the awareness of all employees to this topic.

Engaging with suppliers

Fundamental principles of conduct

Galp includes sustainability criteria clauses in 100% of its purchase contracts.

Galp's relationship with business partners is critical to ensure the overall sustainability of operations, especially in indirect operations. They are built on recognised policies, codes and practices, aligned with the highest ethical, social, environmental, and quality standards.

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

- Respect human rights and work conditions
- Act with transparency and integrity

⁵ Tier 2 is a primary containment failure with minor consequences: unplanned release of any material, including non-toxic and non-flammable materials, with consequences.

5.6 Developing a conscious business

- Understand quality as a critical success factor
- Protect the environment, people and assets

Suppliers and sustainability risk

Galp's methodology for assessing and managing the sustainability risks of the supply includes:

- Qualification and assessment of vendor bids for services with health, safety and environment (HSE), cyber security, general data protection regulation (GDPR) or business continuity risk
- Evaluation and monitoring of the financial health of the suppliers
- ESG risk surveys through various internal procurement platforms
- Audit and evaluation of ESG services

Assessment of suppliers' exposure to sustainability risk

Type of suppliers	Percentage of suppliers assessed in the last 3 years			
	2019	2020	2021	Target 2022
Tier 1	92%	96%	88%	97%
Critical Non-Tier 1	87%	95%	90%	100%

Galp values suppliers that are certified in internationally recognised standards as a guarantee of its commitment to continuously improve its sustainability performance. In 2021, 34.6% of Galp's critical tier 1 suppliers were certified.

International standard	2019	2020	2021
ISO 9001	3,127	2,931	2,426
ISO 14001	1,872	1,640	1,389
OHSAS 18001	1,971	1,678	1,387
Other certifications	956	1,887	366

5.6 Developing a conscious business

Continuous monitoring of supplier performance

On a yearly basis, Galp evaluates both current and potential suppliers in relation to the Company's sustainability policies and practices.

Suppliers' evaluation

In 2021, Galp made a total of €492 m in purchases from 2,568 suppliers, of which 773 were tier-1 suppliers with >€50 k and 396 were critical suppliers.

2021	
No. of suppliers	2,568
No. of critical ⁶ tier 1 suppliers	37
No. of audited tier 1 suppliers	178
% of local purchases	74%
Average days for payments to suppliers	52

In 2021, 217 audits were carried out, in accordance with defined requirements and considering the applicable legislation in the country where the audit was conducted.

Whenever a serious issue is identified during an audit, Galp ensures that a corrective action plan or improvement action plan is defined and implemented by the supplier.

Galp's target is to conduct 50 in-site audits of suppliers in 2022.

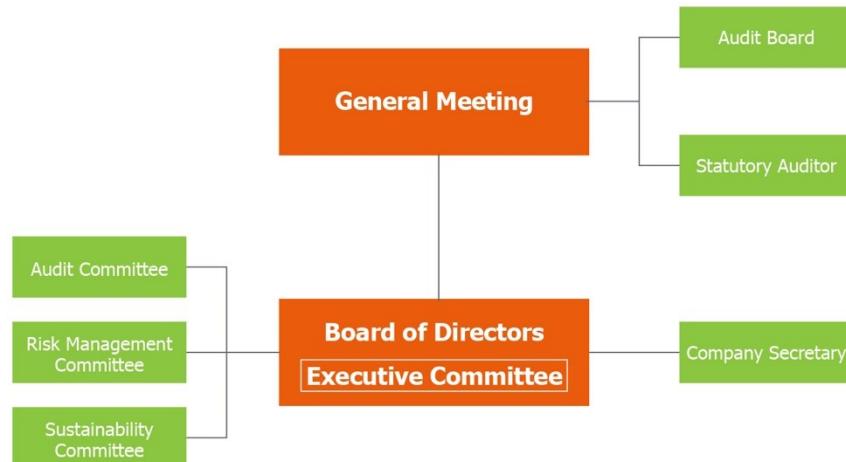
⁶ Critical suppliers: suppliers with HSE, cyber-security, GDPR or business continuity risks; non-replaceable suppliers, suppliers of good or services whose failure to supply or continue operations may affect the Galp Group's activities, in areas such as legal compliance and the safety of people, assets and the environment.

CORPORATE GOVERNANCE

6.1 Governance model

Galp adopts the monist corporate governance model, which comprises:

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



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

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



6.1 Governance model



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

6.2 Corporate bodies

Board of Directors

 <p>Paula Amorim Chairperson Chairperson of the Audit Committee First appointment: 24 April 2012</p>	 <p>Miguel Athayde Marques Vice-Chairman and Lead Independent Director Chairman of the Sustainability Committee Member of the Risk Management Committee First appointment: 23 November 2012</p>	 <p>Andy Brown Vice-Chairman and Chairman of the Executive Committee (CEO) First appointment: 5 February 2021</p>	 <p>Filipe Silva Chief Financial Officer First appointment: 26 July 2012</p>	 <p>Thore Kristiansen COO Production & Operations First appointment: 3 October 2014</p>	 <p>Teresa Abecasis COO Commercial First appointment: 23 July 2021</p>	 <p>Georgios Papadimitriou COO Renewables & New Businesses First appointment: 1 January 2022</p>	 <p>Luís Todo Bom Chairman of the Risk Management Committee Member of the Audit Committee First appointment: 23 November 2012</p>	 <p>Adolfo Mesquita Nunes Chairman of the Ethics and Conduct Committee First appointment: 12 April 2019</p>	 <p>Cristina Neves Fonseca Member of the Sustainability Committee First appointment: 12 April 2019</p>	 <p>Edmar de Almeida First appointment: 12 April 2019</p>	 <p>Javier Cavada Camino First appointment: 17 December 2021</p>	 <p>Diogo Tavares Member of the Sustainability Committee First appointment: 22 February 2006</p>	 <p>Rui Paulo Gonçalves Member of the Risk Management Committee First appointment: 6 March 2008</p>	 <p>Jorge Seabra de Freitas Member of the Audit Committee First appointment: 23 November 2012</p>	 <p>Francisco Teixeira Rêgo First appointment: 16 April 2015</p>	 <p>Marta Amorim First appointment: 14 October 2016</p>	 <p>Carlos Pinto First appointment: 12 April 2019</p>
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46%

of non-executive directors
are **independent**

Executive Member
Independent Member¹
Other Members

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

6.2 Corporate bodies

The Board of Directors includes 13 non-executive directors, which represents 72% of the total number of directors, six of which are independent, that is 46%. This constitutes an adequate number of non-executive and independent directors, considering the governance model adopted by the Company, Galp's shareholder structure, the respective free float, the size of the Company and the complexity of the risks inherent to its activity, in accordance with the recommendations of Portuguese Institute of Corporate Governance's (IPCG) Corporate Governance Code.

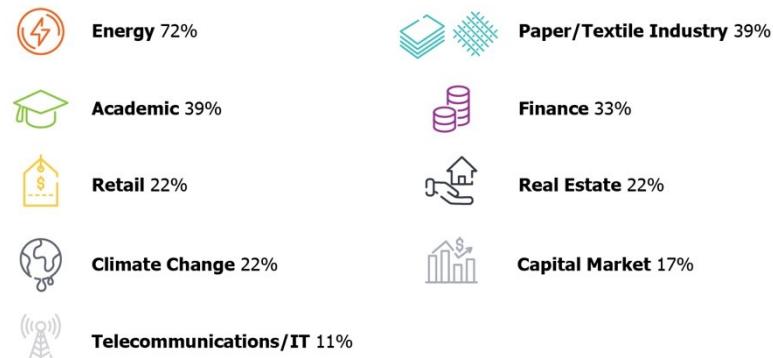
Diversity within the board of directors

- Age: 34 to 76;
- Gender 22.2% female (above the legal minimum of 20%);
- Geographical: 6 countries; and
- Independence: 46% of non-executive directors are independent.

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

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

Board of Directors' Skills



Powers of the Board of Directors

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

6.2 Corporate bodies

Election

Under Portuguese law, the members of the Board of Directors are elected by the shareholders at a General Meeting, for four calendar years, through lists, with the vote being for the entire list and not for each of its members.

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

Limitation of positions

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

Performance review

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

Meetings held in 2021: 17

Attendance: 97%

6.2 Corporate bodies

Executive Committee



CEO
Andy Brown

- People, Organisation & Health
- Energy Management
- Matosinhos Future Hub
- Strategy & Sustainability
- Communications & Corporate Social Responsibility
- Safety
- Corporate Secretary, Compliance & DPO
- External Relations & Regulation
- Legal



COO
Teresa Abecasis

- Commercial
- Facilities Management & Real Estate



CFO
Filipe Silva

- Finance & M&A
- Accounting & Tax
- Planning & Performance
- Investor Relations
- IT & Digital
- Transformation Office
- Data Office
- Procurement & Contracting
- Risk Management & Internal Control
- Internal Audit



COO
Georgios Papadimitriou

- Renewables
- New Businesses
- Battery Value Chain
- Belém Bioenergia Brasil
- Innovation



COO
Thore Kristiansen

- Production & Operations (includes Upstream and Industrial business units)

6.2 Corporate bodies

Powers of the executive committee

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

Performance review

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

Limitation of positions

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

Meetings held in 2021: 37

Attendance: 99.6%

Audit board

Chairperson:

- José Pereira Alves

Members:

- Fátima Geada
- Pedro Almeida

Powers:

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

6.2 Corporate bodies

Statutory auditor

Effective:

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

Alternate:

- Manuel Mota

Powers:

- Control and review the Company's financial information

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

Board of the General Meeting

President:

- Ana Perestrelo de Oliveira

Vice President:

- Rafael Lucas Pires

Secretary:

- Sofia Leite Borges

The General Meeting is the ultimate governing body of the Company. It is through this body that the shareholders actively participate in the Company's

6.3 Remuneration policy

In accordance with the say-on-pay principle, the General Meeting on 23 April 2021 approved, with 97.93% of the votes, the new remuneration policy of its corporate bodies for 2021 proposed by the Remuneration Committee, in accordance with the applicable law.

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

The Remuneration Policy for 2021 foresees the possibility of returning the amount of variable remuneration attributed to a member of the Executive Committee under certain situations (claw-back). The total and individual annual amount of remuneration received by the members of the Board of Directors in 2021, as established by the Remuneration Committee, as well as other information related to the Remuneration Policy, is available in section 77, Part II of this report - Corporate Governance Report.

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

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

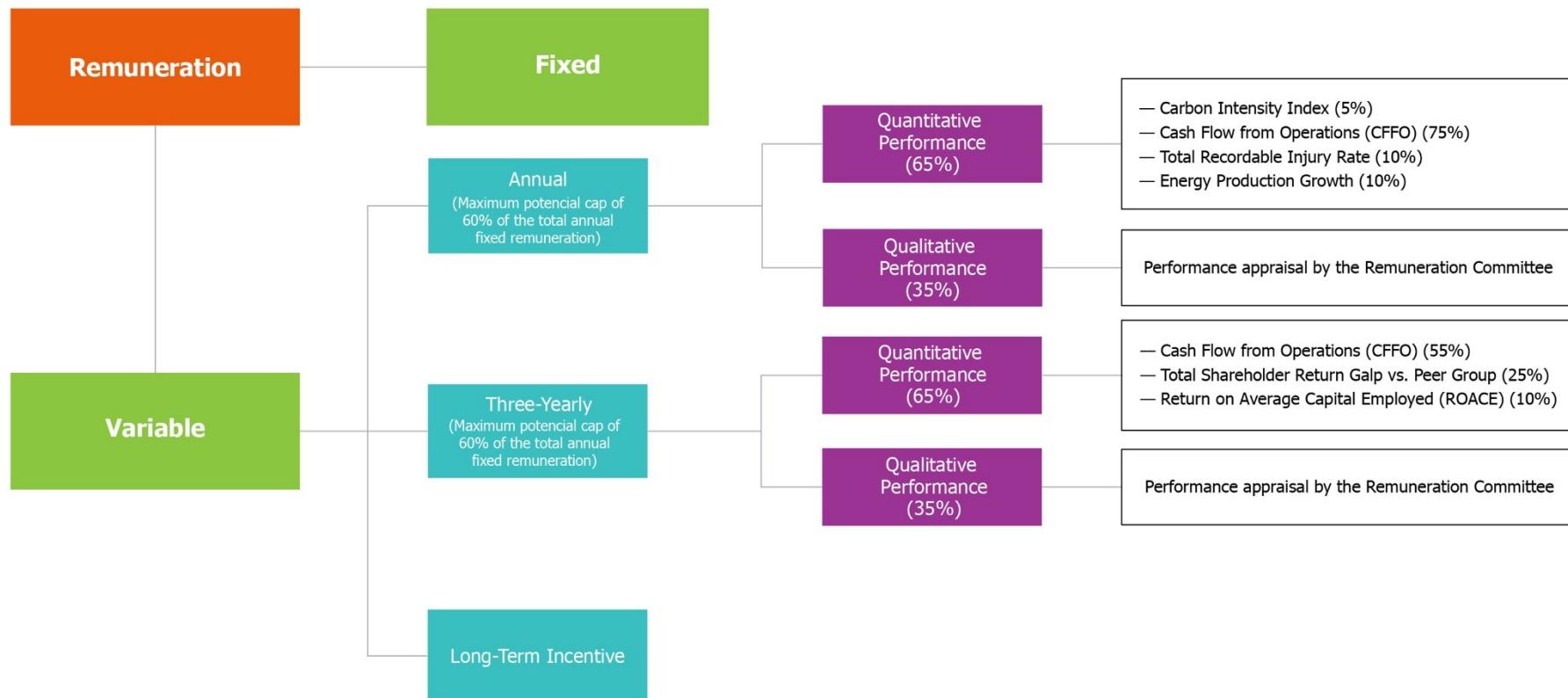
The Statutory Auditor has the remuneration contracted under normal market conditions.

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

The remuneration policy for executive directors for 2021 is outlined on the following page below.

The Remuneration Policy for 2021 establishes a mechanism applicable to the Chairperson of the Executive Committee for partial payment of the variable triennial remuneration through shares of the Company in order to promote the alignment of the Company with the long-term interests of the shareholders.

6.3 Remuneration policy

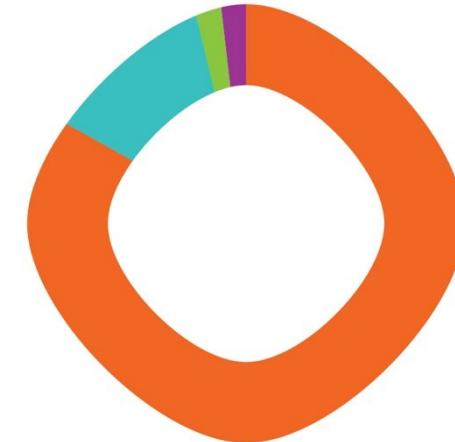


6.4 Compliance with the corporate governance code

Galp has voluntarily decided to adopt the Corporate Governance Code of the Portuguese Institute of Corporate Governance, approved in 2018 and revised in 2020 ("Código de Governo das Sociedades do IPCG") ([link here](#)). The code consists of a set of principles and recommendations of good governance in line with the best international practices and adapted to the Portuguese corporate reality.

In 2021, in accordance with its self-assessment, Galp adopted 44 of 45 applicable to it, as shown in the image at the right.

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



PROPOSAL OF ALLOCATION RESULTS



7. Proposal of allocation results

The Galp Energia SGPS, S.A. net profit for the year ended as of 31 December 2021 was €500,386,806.54, calculated based on its individual financial statements for the year ended 31st December 2021 prepared in accordance with IFRS. The Board of Directors proposes, under legal terms, that the net profit for 2021 should have the following appropriation: €414,625,317.50 (€0.50/share) should be distributed to shareholders as dividends and the difference of €85,761,489.04, to be transferred to retained earnings. The Board of Directors of Galp Energia, SGPS, S.A. approved, on August 20, 2021, an interim dividend payment of €0.25 per share, so the remaining amount payable will be €207,312,658.75 (€0 .25/share).

Lisbon, 25 March 2022

The Board of Directors

Chairperson

Marta Amorim

Francisco Teixeira Rêgo

Paula Amorim

Carlos Pinto

Vice-chairmen

Luís Todo Bom

Miguel Athayde Marques

Jorge Seabra de Freitas

Andy Brown

Rui Paulo Gonçalves

Members

Diogo Tavares

Filipe Silva

Edmar de Almeida

Thore Kristiansen

Cristina Fonseca

Teresa Abecasis

Adolfo Mesquita Nunes

Georgios Papadimitriou

Javier Cavada Camino

8. Cautionary statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2020 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, namely concerning ESG (Environmental, Social & Governance) objectives, 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. Galp's business plans and budgets include investments that will accelerate the decarbonization of the Company over the next decade. These business plans and budgets will evolve over time to reflect its progress towards the 2050 Net Zero Emissions target. 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 statements. Accordingly, neither Galp nor any other person can assure that its future results, performance or events will meet those expectations, nor assume any responsibility for the accuracy and completeness of the forward-looking 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, gerund or conditional tense or the use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "consider", "could", "develop", "envision", "estimate", "expect", "goals", "intend", "may",

"objectives", "outlook", "plan", "potential", "probably", "project", "pursue", "risks", "schedule", "seek", "should", "target", "think", "will" or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp's management reporting policies and shows internal segment information that is used to manage and measure the Group's performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted operational cash flow, 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), investment return rate (IRR), equity investment return rate (eIRR), 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, according to applicable legislation, 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. This document may include data and information from sources that are publicly available. This document may also include data and information provided by third parties, including Wood Mackenzie, Rystad and market analysts, which are not publicly available. Such data and information should not be interpreted as advice and you should not rely on it for any purpose. You may not copy or use this data and information except as expressly permitted by those third parties in writing. To the fullest extent permitted by law, those third parties accept no responsibility for your use of such data and information except as specified in a written agreement you may have entered into with those third parties for the provision of such data and information.

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