



# REGENERATING THE FUTURE

Integrated Management Report 2021

Non-compliant ESEF and unaudited

This document is the PDF/printed version of the Annual Report 2021 of Galp Energia, SGPS, SA. This version has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The official ESEF reporting package is available on the CMVM website at [www.cmvm.pt](http://www.cmvm.pt) In case of discrepancies between this version and the official ESEF package, the latter prevails.

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# About the report

Galp's integrated report is intended to provide a global, transparent and accurate account of the activities through which we create economic value and our practices and principles of environmental, social and corporate governance, including 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](mailto: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 CO<sub>2</sub> 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 Tupi / 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 uphold 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



REGENERATING THE FUTURE



# 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 CO<sub>2</sub> 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



1. Portugal



2. Spain



3. Brazil



4. Angola



5. Mozambique



6. Cape Verde



7. Guinea-Bissau



8. S. Tomé and Príncipe



9. Namibia



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

**€936 m**  
capital expenditure

**€1,536 m**  
supply and Services  
RCA

**>€35 m**  
in the protection of people,  
the environment and assets



**€297 m**  
salaries  
and benefits



### Natural Capital

**9.4 millions m<sup>3</sup>**  
raw water

**1,366 TJ**  
electricity purchased

**34,249 TJ**  
consumed primary energy

**€2.1 m**  
investment  
in eco-efficiency  
in refining



### Human Capital

**6,152**  
employees



**2,711**  
women

**56**  
nationality



**10**  
countries

**278**  
hires

**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

**2,568**  
suppliers

**57**  
relevant partnerships with sector  
and associations and entities

**74%**  
local purchases



**99%**  
local hiring

**+ 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

**127 kboepd**  
WI average production

**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

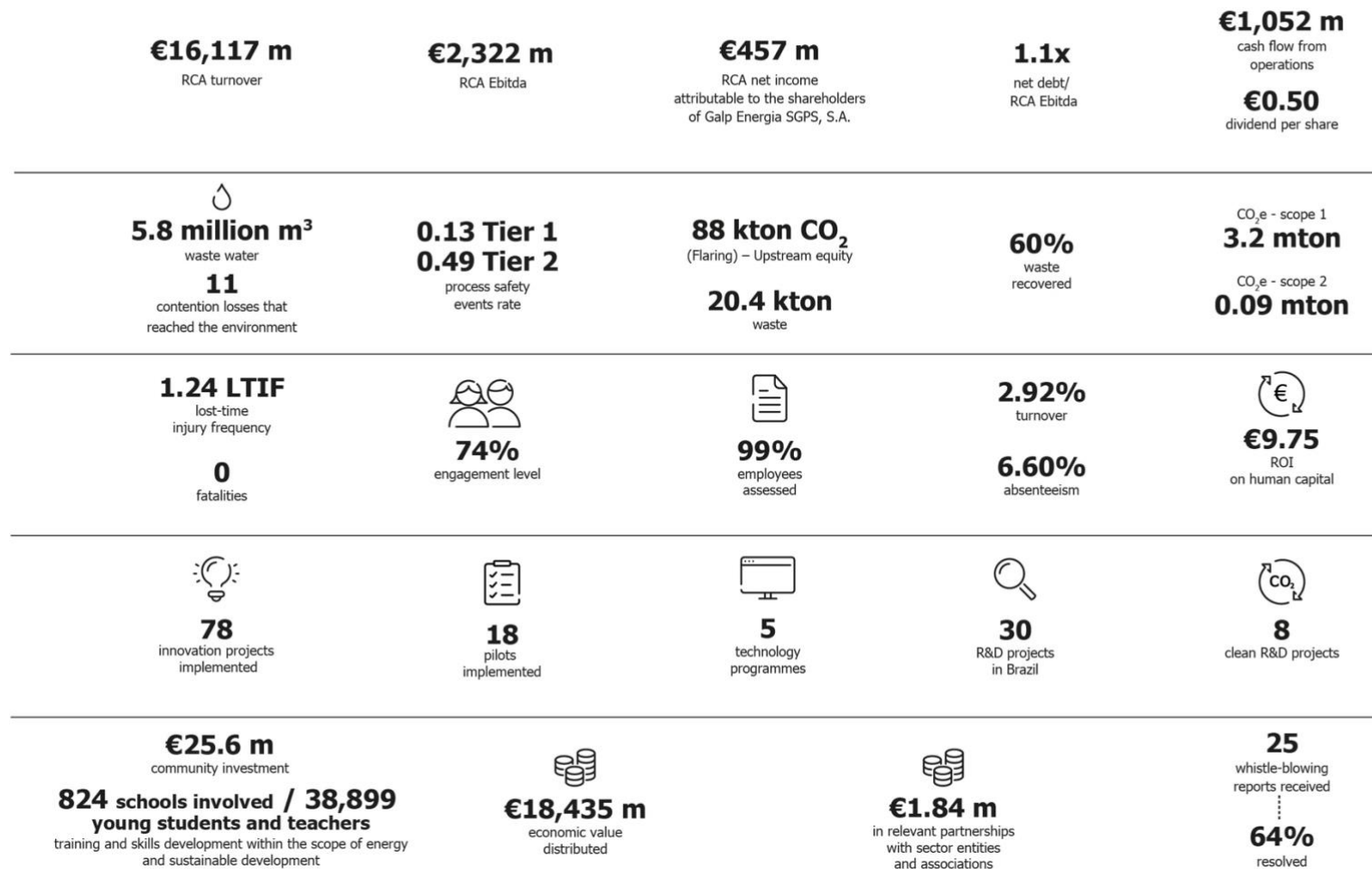
**1,288 GWh**  
Renewable energy  
generated

**963 MWp**  
Installed capacity for  
renewable generation

**352.4 ktonCO<sub>2</sub>**  
Avoided emissions

## 1.3 Value creation

## Outputs



# 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).

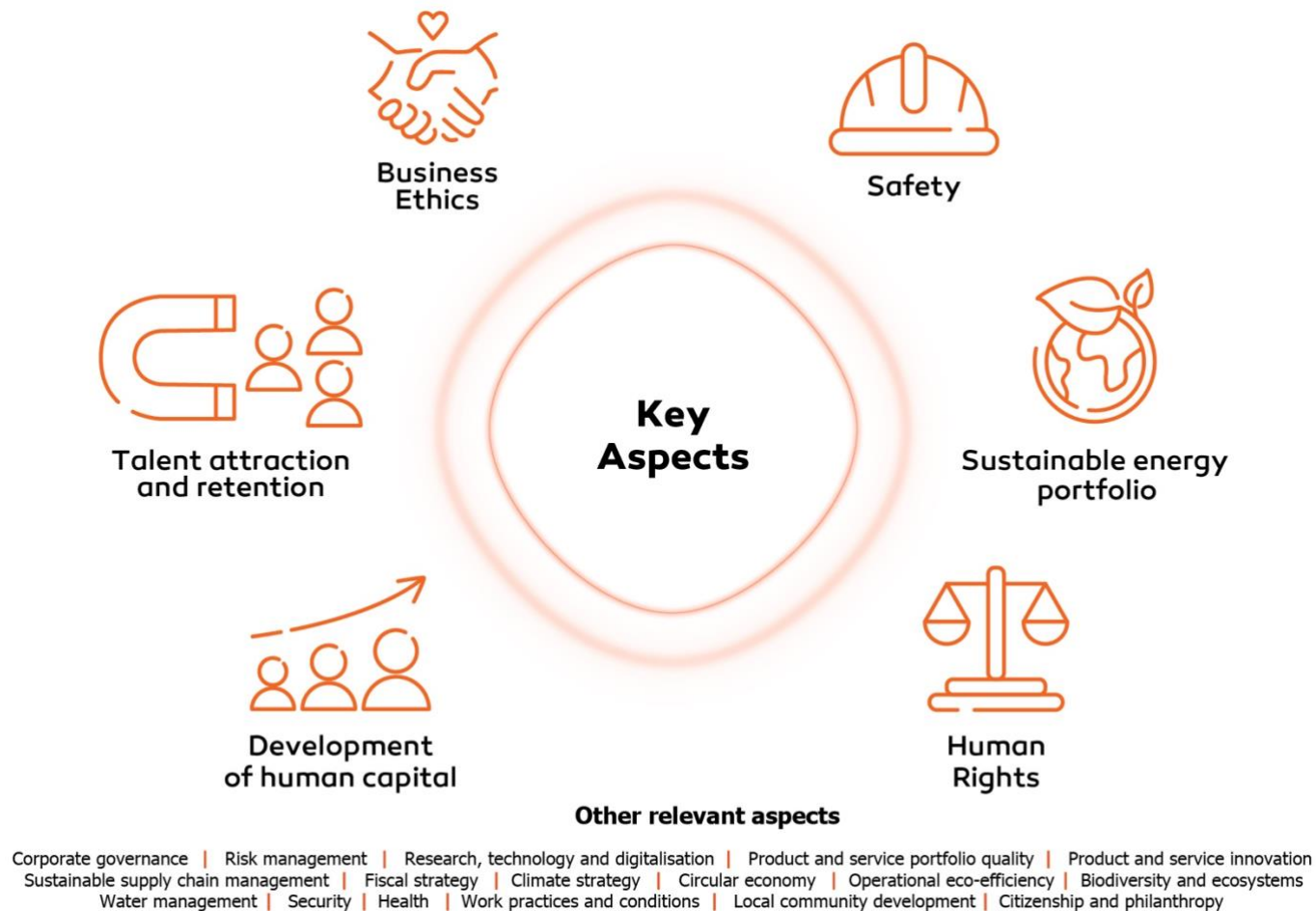


## 1.4 Approach to materiality

### 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

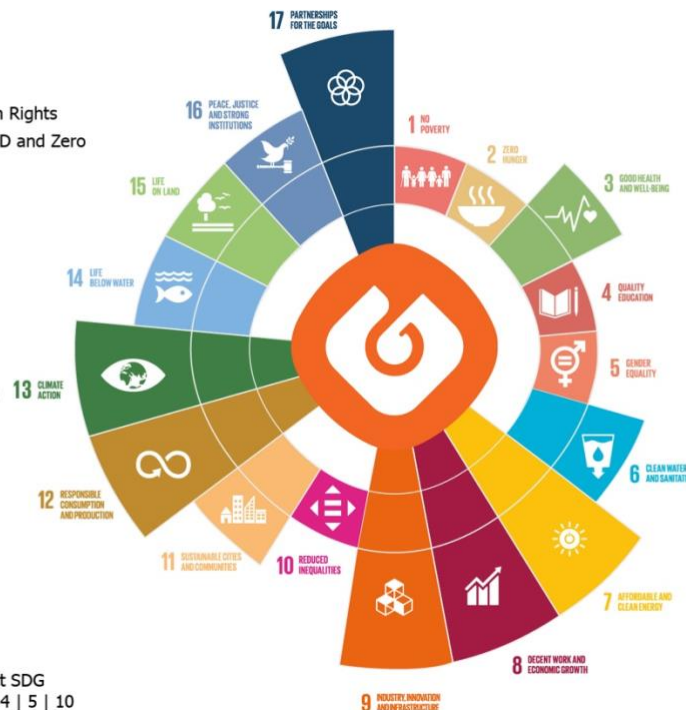
### 13 Climate action

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



### 7 Affordable and clean energy

- 27,039 m<sup>3</sup> 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

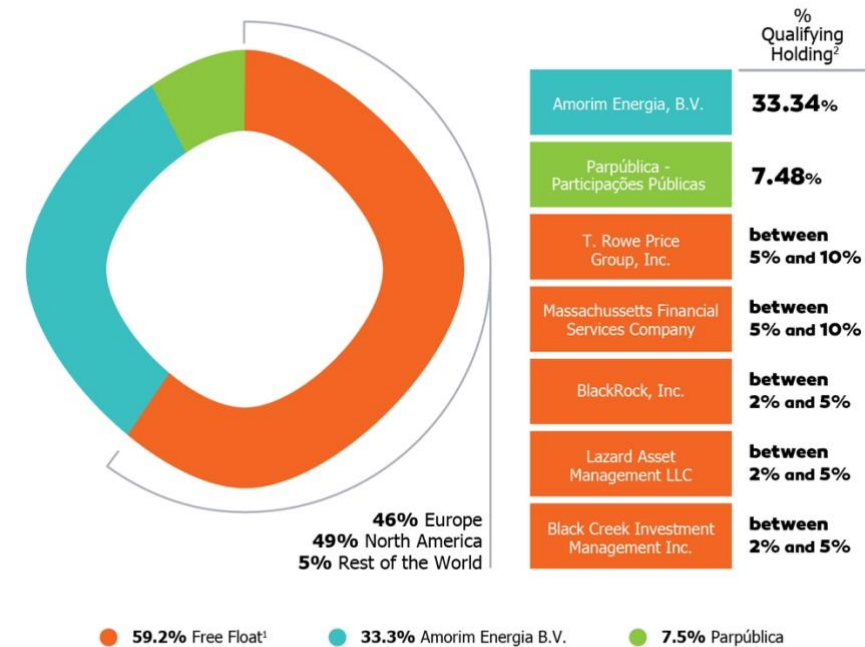
Galp has been listed on Euronext Lisbon since 23 October 2006.

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 31<sup>st</sup> December 2021



<sup>1</sup> Number of shares listed not held by long-term shareholders (closely-held shares)

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

<sup>1</sup>Source: 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 31<sup>st</sup> 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 cancelation 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 (OCF<sup>1</sup>).

<sup>1</sup>Adjusted 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 23<sup>rd</sup> 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 utmost 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

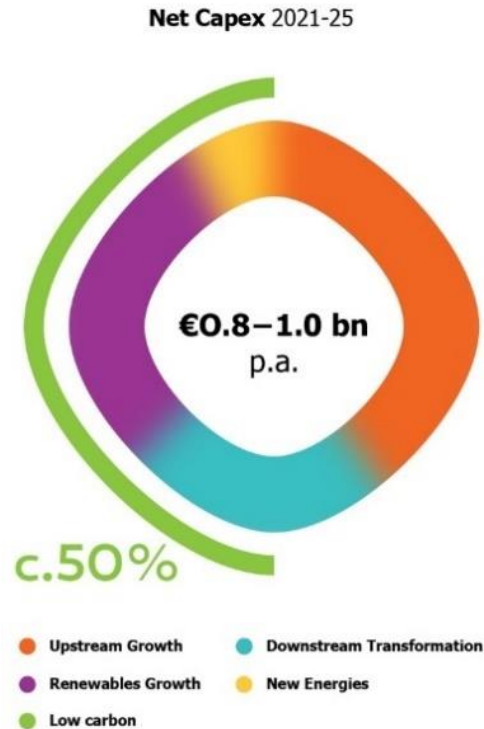
The need for society's decarbonisation has brought challenges to all economic sectors. Nowadays, it is clear that the way energy is generated, transformed and consumed will change, and this means shaping and adapting Galp's strategy to present and future needs.

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.

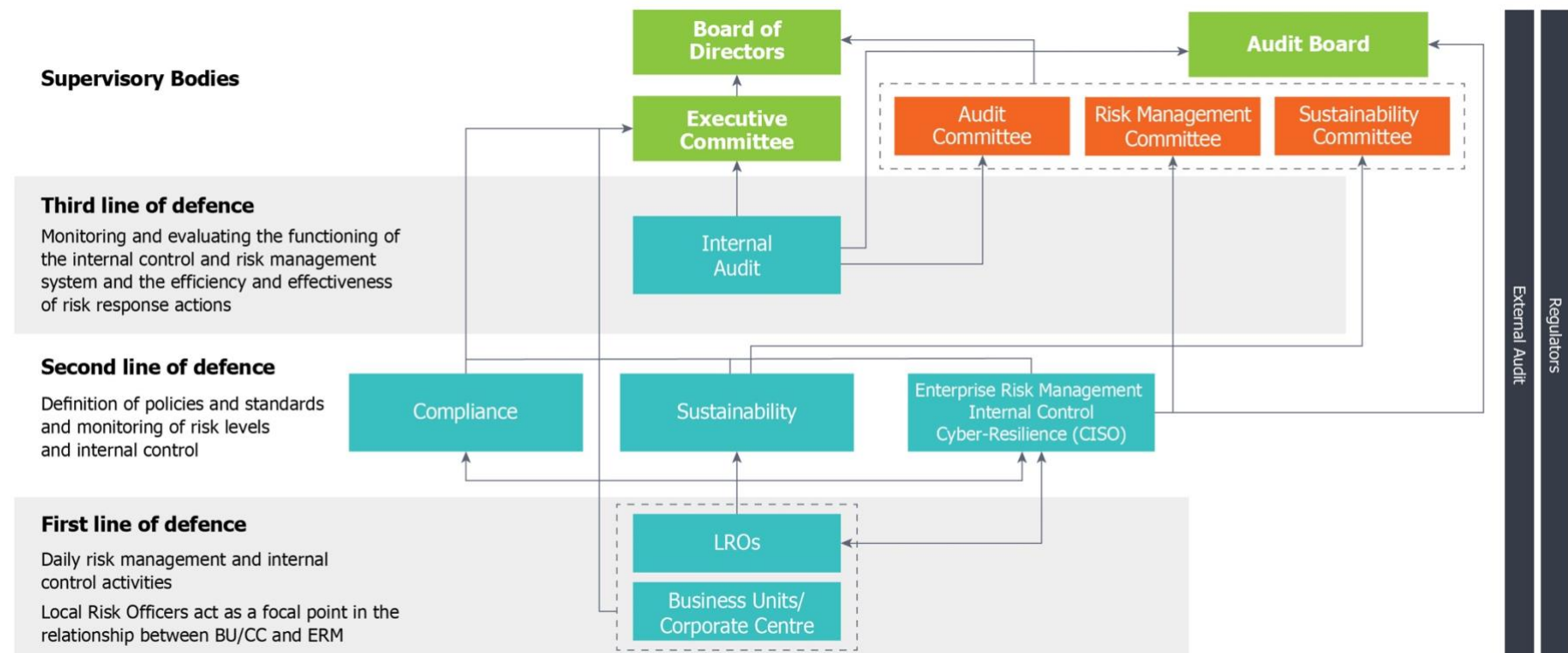
## 2.3 How we manage risk

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	
<b>Strategic Risks</b>	
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 <sub>2</sub> , 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.
<b>Financial Risks</b>	
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.
<b>Operational Risks</b>	
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.
<b>Legal and Governance Risks</b>	
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.

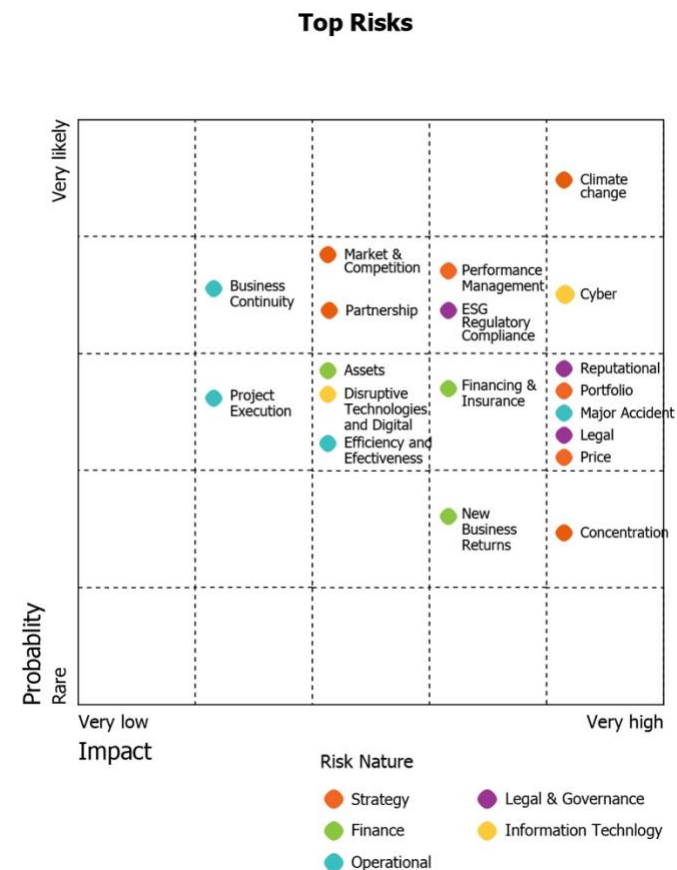
## 2.3 How we manage risk

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.
<b>Information Technology Risks</b>	
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



REGENERATING THE FUTURE





## 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 12<sup>th</sup> 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 12<sup>th</sup> 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 Mobilectric 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 7<sup>th</sup> 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](#)).



## 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** kgCO<sub>2</sub>e/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 S epia field in the pre-salt region of the Santos basin in Brazil. This is the 12<sup>th</sup> 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 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 development projects, of low breakeven, which will increase the fields' total recoverability.
- In Mozambique, the Coral Sul floating, liquefied natural gas (FLNG) project continues to progress as planned, with the unit having arrived at its final location earlier this year. The partners also continue their efforts to optimise the development concept of the Rovuma LNG onshore project.
- 2P oil reserves increased 11% YoY to 612 mbbl. 2P reserves + 2C contingent resources stand at 2.2 bn boe.

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 <sup>1</sup> (kboepd)	130	127
Average net entitlement production <sup>1</sup> (kboepd)	128	125
Carbon intensity in Upstream <sup>2</sup> (kgCO <sub>2</sub> 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 <sup>3</sup> (\$/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.

<sup>1</sup> Includes the production of exported natural gas, excludes consumed or injected natural gas.

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

<sup>3</sup> Includes provisions for relinquishment and excludes impairments related to exploration assets.

## 3.2 Upstream

### Development of reserves and resources

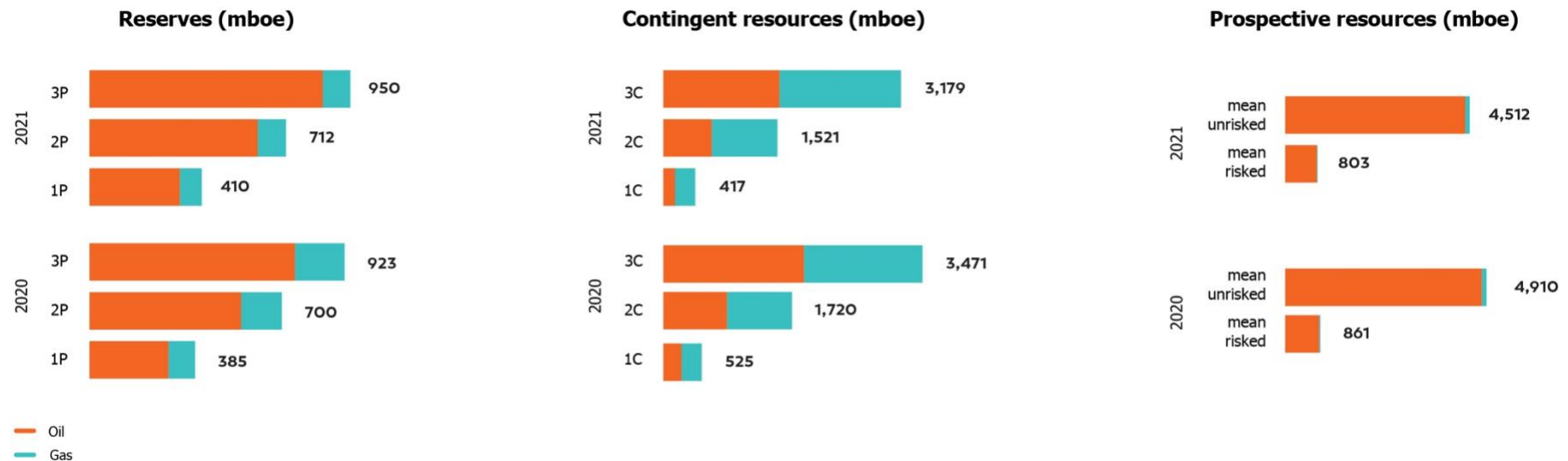
Bacalhau Final Investment Decision (FID) allowed Galp to high-grade its reserves & resources, more than offsetting the production in the period, increasing 1P reserves by 7% YoY.

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

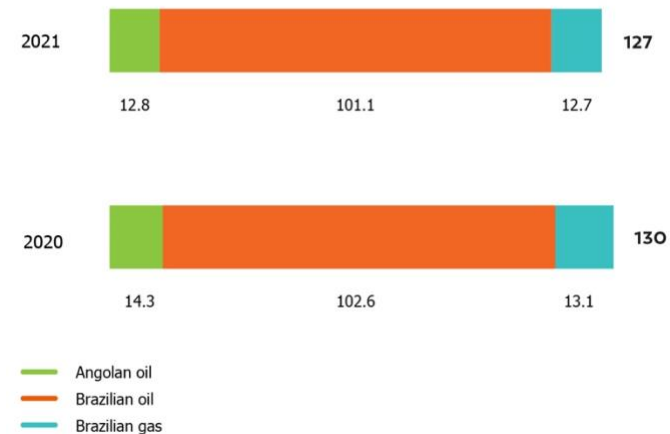
WI production was 127 kboepd, which represented a contraction of 3% when compared to 2020, reflecting the plateau stage of the most relevant projects, as well as operational and logistic constraints during the period, partially offset by the start of production of Sépia and the ramp-up of Atapu and Berbigão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

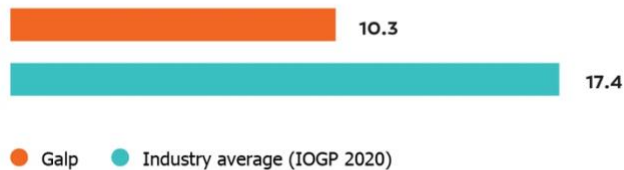
## 3.2 Upstream

### 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

**Carbon Intensity in Upstream<sup>1</sup> (kgCO<sub>2</sub>e/boe)**



<sup>1</sup> 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 kgCO<sub>2</sub>e/boe, well below the industry average of 17.4 kgCO<sub>2</sub>e/boe (source: International Association of Oil and Gas Producers (IOGP) 2020), thus promoting a sustainable and value-based approach.

## 3.2 Upstream

### Brazil

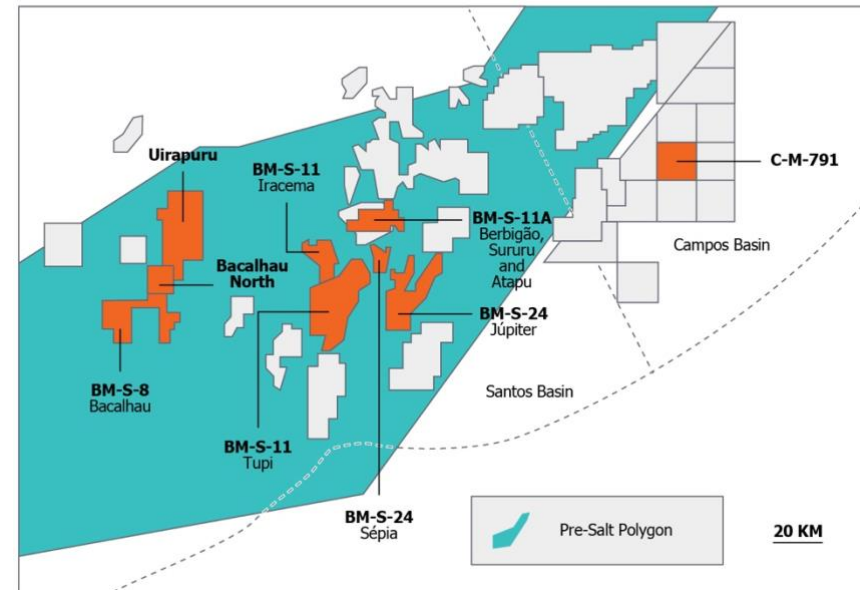
#### Offshore

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 <sup>3</sup> /d	Oct. 2010	19 months	Apr. 2012	9.2%
FPSO #2	Cidade de Paraty	Tupi North East	120 kbpd   5 mm <sup>3</sup> /d	Jun. 2013	15 months	Aug. 2014	9.2%
FPSO #3	Cidade de Mangaratiba	Iracema South	150 kbpd   8 mm <sup>3</sup> /d	Oct. 2014	13 months	Oct. 2015	10.0%
FPSO #4	Cidade de Itaguaí	Iracema North	150 kbpd   8 mm <sup>3</sup> /d	Jul. 2015	13 months	Jul. 2016	10.0%
FPSO #5	Cidade de Maricá	Tupi Alto	150 kbpd   6 mm <sup>3</sup> /d	Feb. 2016	10 months	Nov. 2016	9.2%
FPSO #6	Cidade de Saquarema	Tupi Central	150 kbpd   6 mm <sup>3</sup> /d	Jul. 2016	11 months	May 2017	9.2%
FPSO #7	P-66	Tupi South	150 kbpd   6 mm <sup>3</sup> /d	May 2017	11 months	Mar. 2018	9.2%
FPSO #8	P-69	Tupi Extreme South	150 kbpd   6 mm <sup>3</sup> /d	Oct. 2018	10 months	Jul. 2019	9.2%
FPSO #9	P-67	Tupi North	150 kbpd   6 mm <sup>3</sup> /d	Feb. 2019	18 months	Jul. 2020	9.2%
FPSO #10	P-68	Berbigão and Sururu	150 kbpd   6 mm <sup>3</sup> /d	Nov. 2019	Ongoing	-	10.0% <sup>1</sup>
FPSO #11	P-70	Atapu	150 kbpd   6 mm <sup>3</sup> /d	Jun. 2020	14 months	Jul. 2021	1.7%
FPSO #12	Carioca	Sépia	180 kbpd   6 mm <sup>3</sup> /d	Aug. 2021	Ongoing	-	2.4%

<sup>1</sup> 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 mmbbl of oil and 56 million m<sup>3</sup> 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 NPV<sub>10</sub> breakeven well below \$35/bbl and a carbon intensity below 9 kgCO<sub>2e</sub>/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 m<sup>3</sup> 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 km<sup>2</sup> 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.

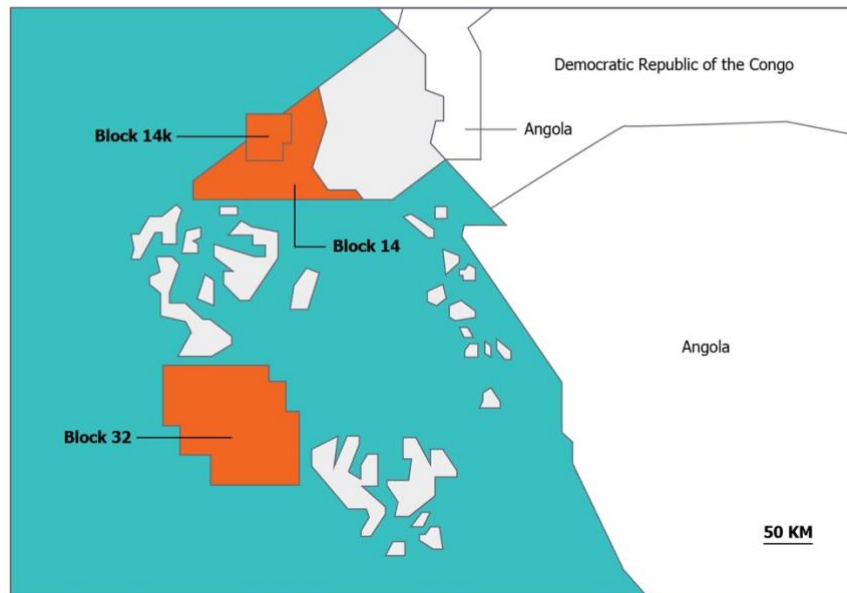
## 3.2 Upstream

### 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 Tomboa-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

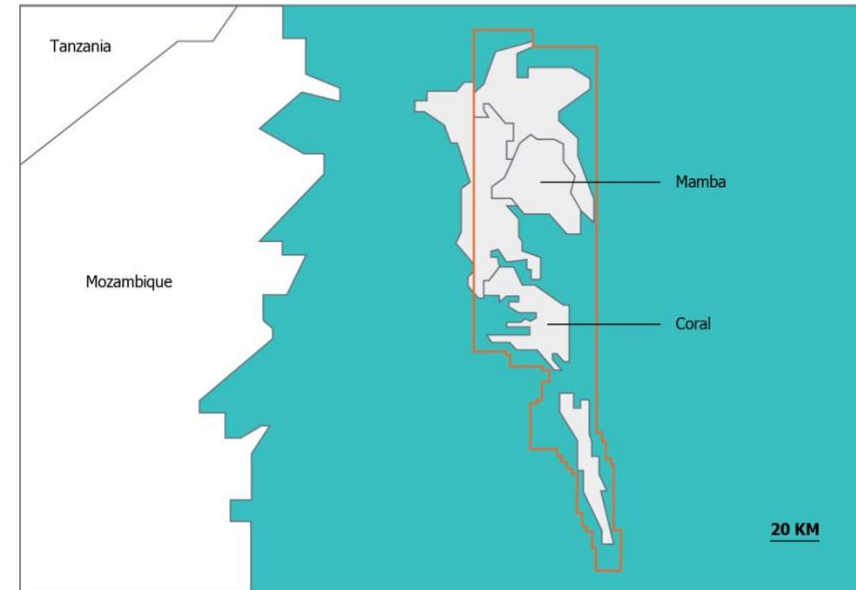
Natural gas will play a key transitional role to a lower-carbon economy, and the discoveries in the Rovuma basin will enable Mozambique to become one of the world's leading natural gas suppliers.

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 Liquefied Natural Gas (FLNG) Coral Sul offshore project and the Rovuma Liquefied Natural Gas (LNG) onshore project.



Galp's Mozambican Projects



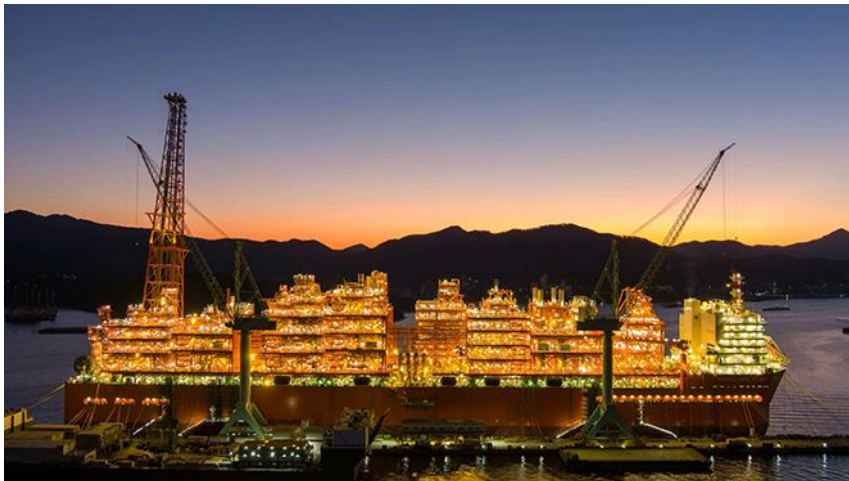
## 3.2 Upstream

### Coral South

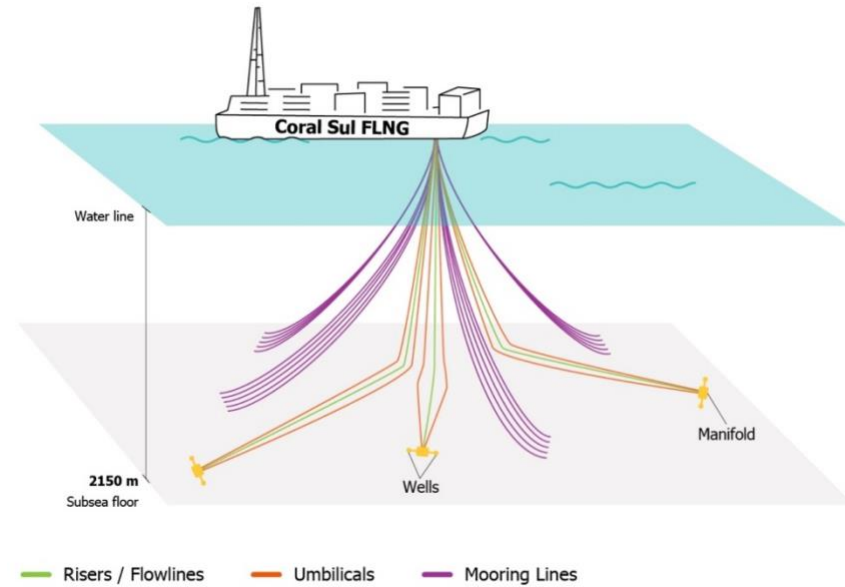
After being sanctioned in 2017, the Coral South project will be the first development of the large-scale natural gas resources of Area 4.

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 Liquefied 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

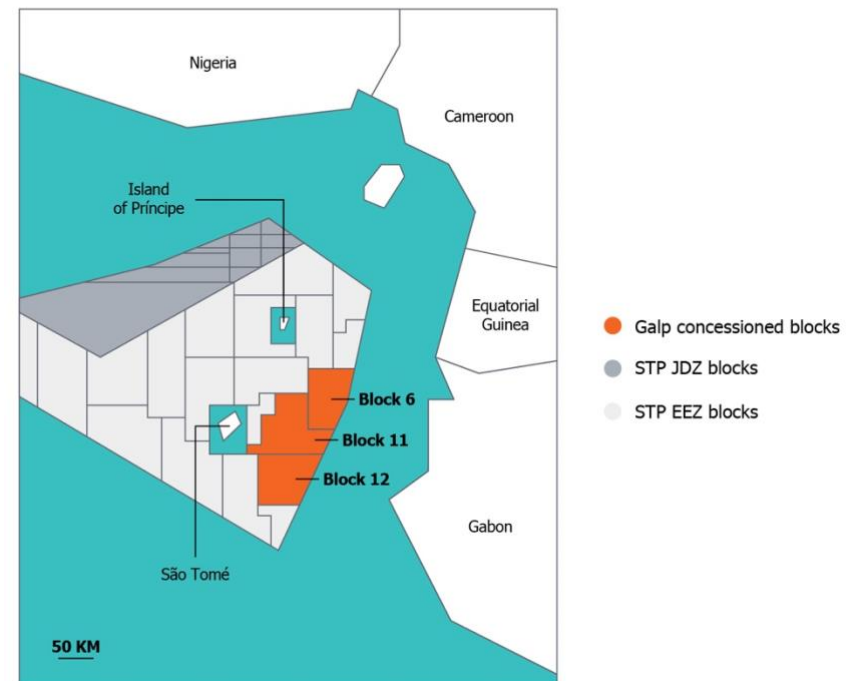
Galp's exploration portfolio in São Tomé and Príncipe currently includes three offshore blocks, namely Blocks 6 and 12, where Galp is the operator with 45% and 41% participating interest, respectively, and block 11, in which the Company holds a 20% participating interest.

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



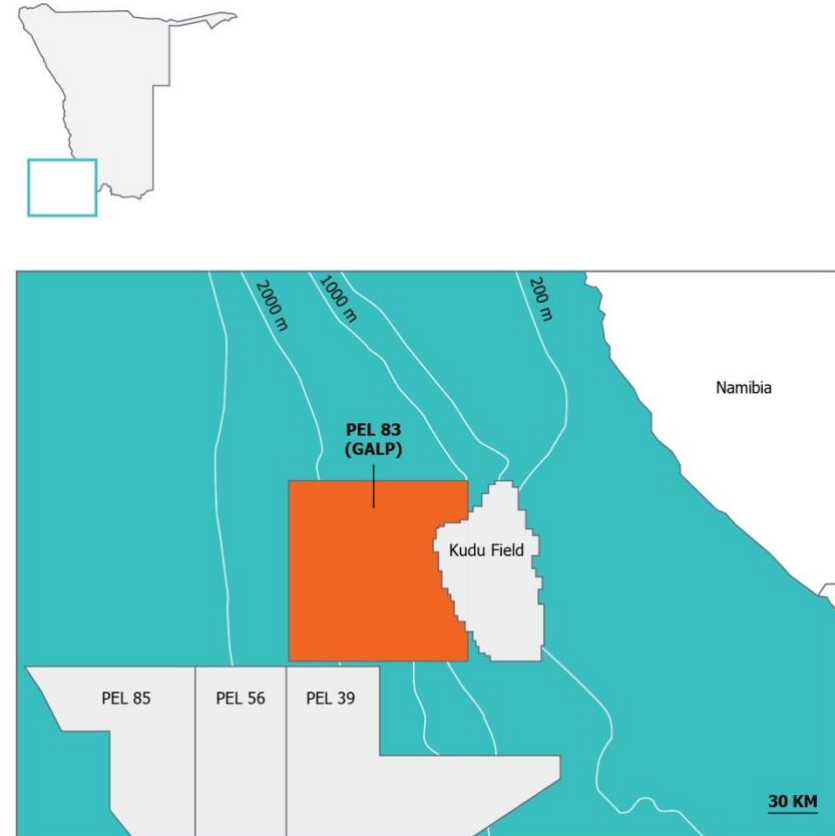
## 3.2 Upstream

### Namibia

Galp's exploration Assets in Namibia consist of Petroleum Exploration Licence No 83 (PEL83) which covers an area of almost 10,000 km<sup>2</sup> 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 km<sup>2</sup> 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)		
<b>Brazil (via Petrogal Brazil, except Barreirinhas)</b>								
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)		
<b>Angola</b>								
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%
<b>Mozambique</b>								
Area 4	Rovuma	Ultra-deepwater	2	Coral Sul Rovuma LNG			Development	Galp10%   Eni 25% (op.) ExxonMobil 25% (op.)   CNPC 20% Kogas 10%   ENH 10%
<b>Namibia</b>								
PEL 83	Orange	From shallow to Ultra-deepwater	1				Exploration	Galp 80% (op.)   NAMCOR 10% Custos 10%
<b>S. Tomé and Príncipe</b>								
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 Mobiclectric 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.

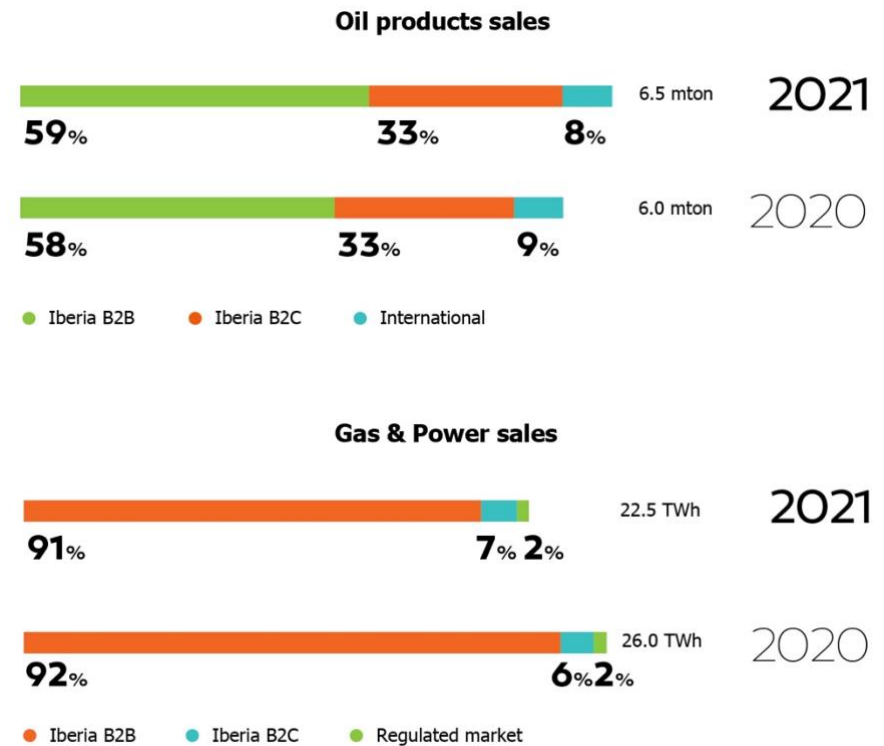
### Safety

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.



## 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.

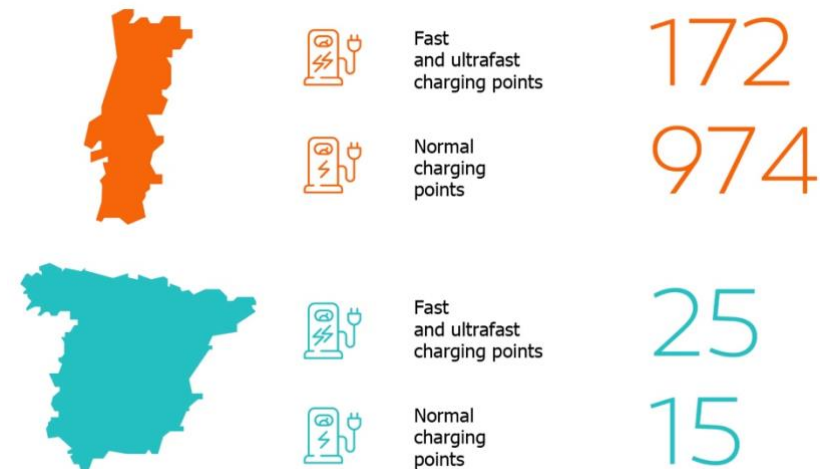
The customer base associated with loyalty programmes reached a total of around 2 million customers in 2021, mainly as a result of the partnership with the largest food retail group in Portugal, Sonae, and a new partnership developed in 2021 with the Portuguese airline TAP. In the Iberian retail segment, 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 Mobiletronic acquisition

In 2021, Galp acquired the entire share capital of Mobiletronic, 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.

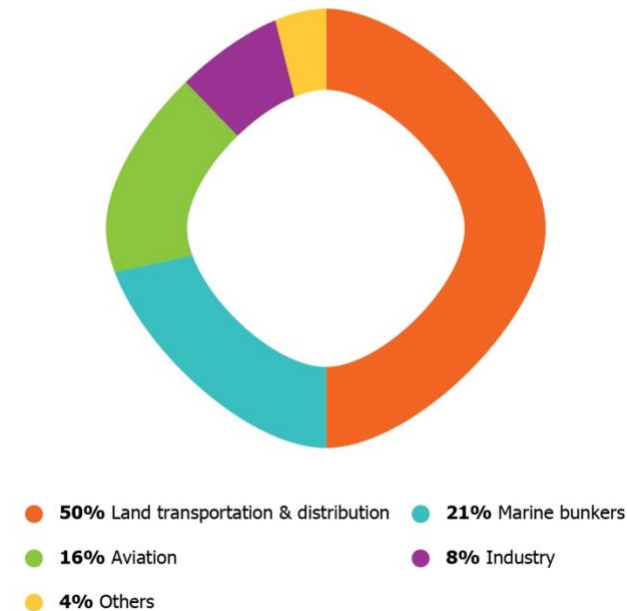
In Spain, Galp is present in the gas and electricity market through a 25% stake in a digital supplier, PODO, which currently has 92 thousand customers on a digital platform that allows the combined supply of gas, electricity and services in a more agile manner.

### 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**

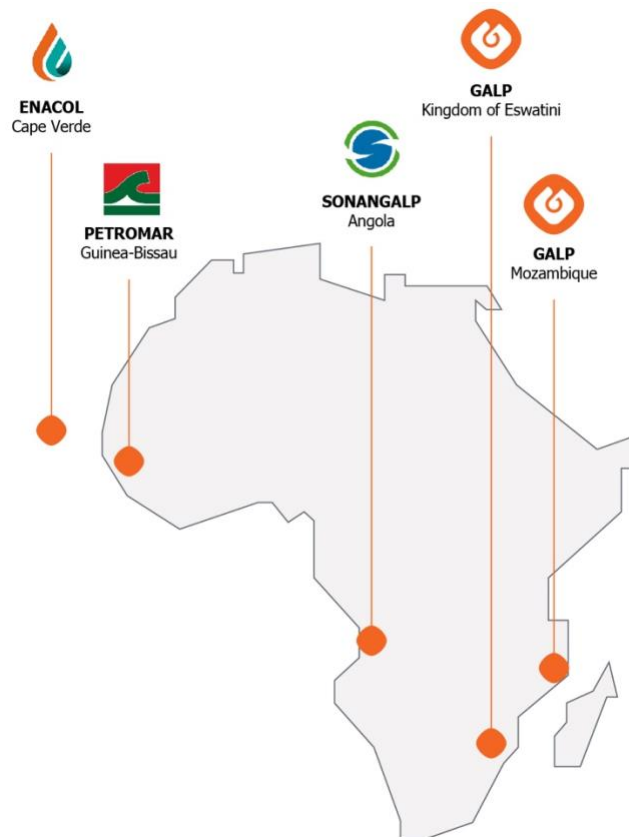


The Company has been promoting the creation of value for its customers by offering energy efficiency solutions, as well as technical services aimed at optimising and reducing energy consumption by installing more efficient equipment. In the B2B segment, Galp's offer includes auditing, training and energy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

**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

- 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;

### Main indicators

	2020	2021
Raw materials processed (mboe)	87.1	76.6
Galp refining margin (\$/boe)	1.1	3.3
Refining cost <sup>1</sup> (\$/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 <sub>2</sub> e)	3,073,958	2,682,605
Total water consumption per treated feedstock (m <sup>3</sup> /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.

<sup>1</sup> 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:

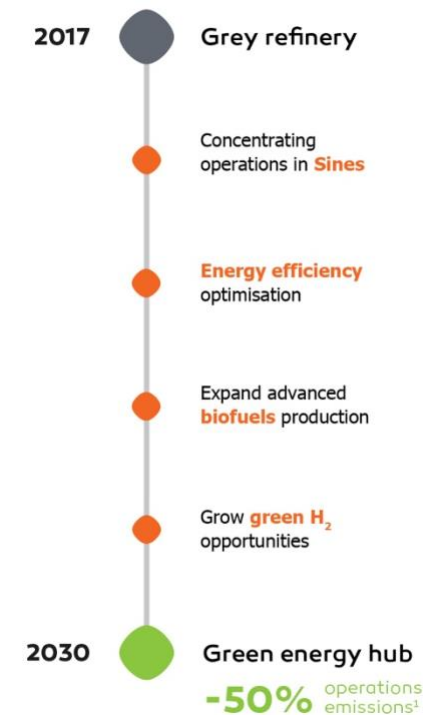
- Deployment of a digital tool to optimise the scheduling of the refining operations, from the unloading of crude to the shipping of products;
- Implementation of a predictive maintenance programme, which enables the use of machine learning to detect anomalies in equipment operations;
- Deployment of 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%.



<sup>1</sup> Operations emissions<sup>1</sup> 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 CO<sub>2</sub> 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 m<sup>3</sup> of biofuels were incorporated into fuels sold in Portugal, including 27,000 m<sup>3</sup> of second-generation biodiesel produced by Enerfuel. The integration of these low-carbon fuels prevented the emission of over 678 kton CO<sub>2</sub>e 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

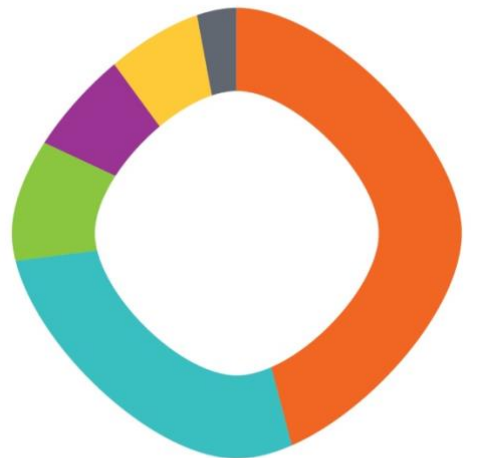
Galp manages the procurement of crude oil and other raw materials, maximising its refining margin captured, taking into account the strategy of supply diversification and extracting value from the existing asset base.

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.

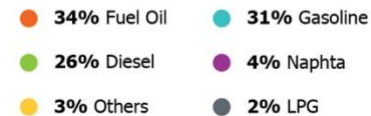
The oil products resulting from our refining and trading activities are channelled to our Commercial business unit, and externally to other operators and exports. In 2021, volumes sold totalled 14.8 mton, of which 7.0 mton were sold to Commercial, 2.8 mton to other operators and 5.0 mton were exported.

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



Exports per product in 2021



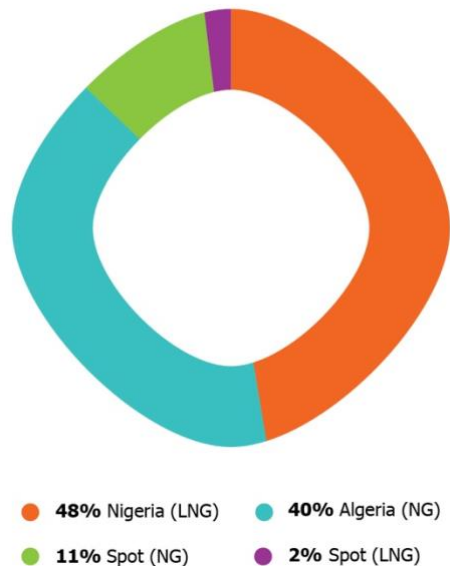
## 3.4 Industrial & Energy Management

### 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.

**NG/LNG sourcing 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.

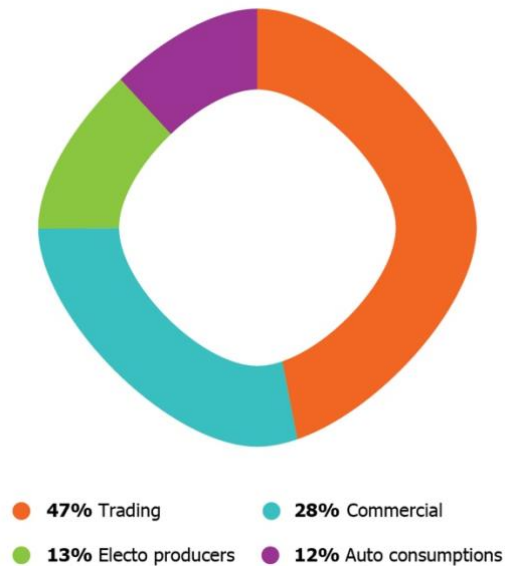
Additionally, Galp is actively working to explore all options for the sale of its associated gas produced in its Brazilian operations. Following the new framework for the natural gas market liberalisation in Brazil, Galp has established a series of gas commercialisation contracts with a start date of 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 <sup>1</sup> (MW)	926	963
Renewable power generation (GWh)	327	1,288
Avoided CO <sub>2</sub> e emissions (tonCO <sub>2</sub> e)	98,910	352,382
Pro-forma RCA Ebitda <sup>2</sup> (€m)	(2)	76
Pro-forma RCA Ebit <sup>1</sup> (€m)	(12)	52
Pro-forma CFFO <sup>2</sup> (€m)	(2)	76
Investment (€m)	350	142

<sup>1</sup> Corresponds to, on a 100% basis, the installed capacity of renewable electricity generation projects where Galp has an equity Renewable gross generation capacity.

<sup>2</sup> 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
<b>Gross</b>	<b>963</b>	<b>393</b>	<b>3,390</b>	<b>4,746</b>
Spain	950	249	2,445	3,645
Portugal	12	144	351	507
Brazil	-	-	594	594
<b>Equity to Galp (pro-forma)</b>	<b>719</b>	<b>331</b>	<b>2,968</b>	<b>4,018</b>
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)



● 3.6 Spain      ● 0.5 Portugal  
● 0.6 Brazil

Split per development stage (GW)

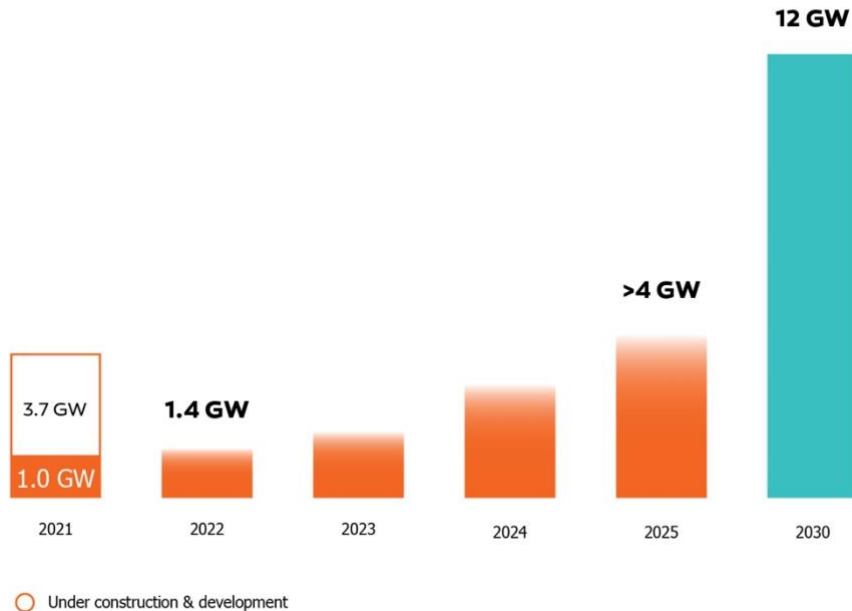


● 1.0 Operating      ● 0.4 Under construction  
● 3.4 Under development

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)



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.

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.

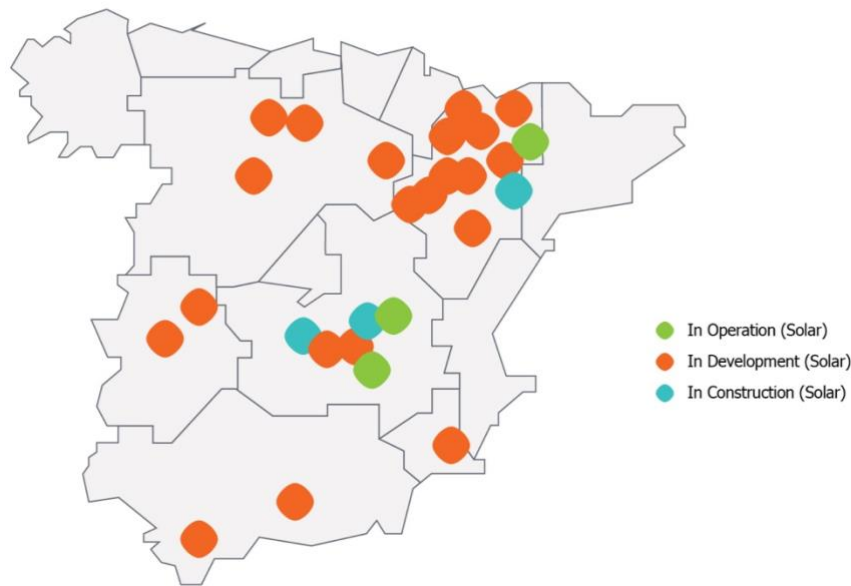
The Company expects to allocate, on average, c.30% of the Group's annual net capex estimate between 2021 and 2025 to the development of its renewable power generation portfolio.

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.

## 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.

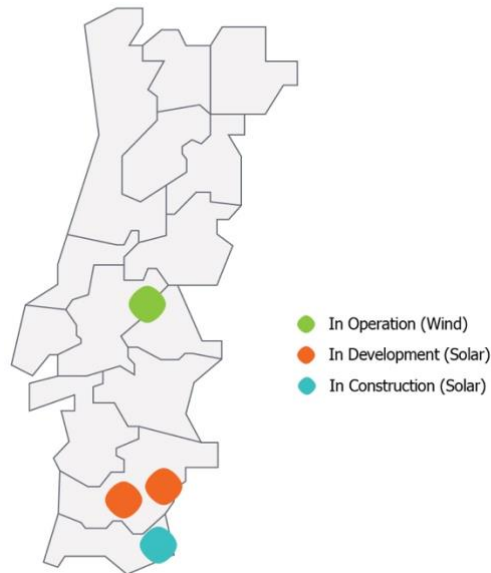
In 2021, Galp further reinforced its position in the solar PV market in Spain, with acquisition of nearly 400 MWp of gross capacity, expected to be operational by 2023/24:

- 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.

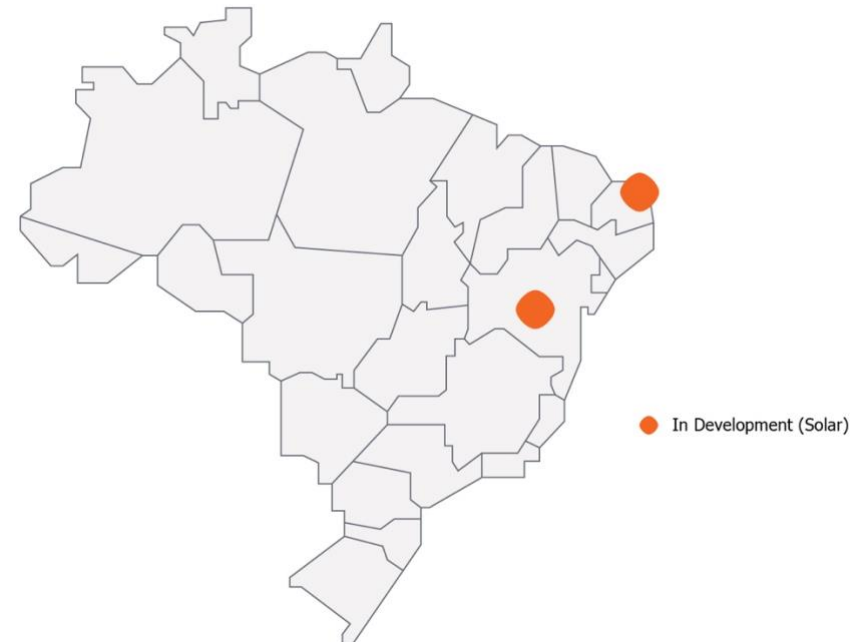
Of these, 144 MWp are in Alcoutim, Algarve, and are under construction and expected to start operations during 2022.

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



REGENERATING THE FUTURE



## 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.	% Var
				€m
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%)
<b>RCA Ebitda</b>	<b>1,570</b>	<b>2,322</b>	<b>751</b>	<b>48%</b>
<b>IFRS Ebitda</b>	<b>1,113</b>	<b>2,698</b>	<b>1,585</b>	<b>n.m.</b>
Depreciation, Amortisation and Impairments	(1,131)	(954)	(177)	(16%)
Provisions	(13)	3	16	n.m.
<b>RCA Ebit</b>	<b>427</b>	<b>1,372</b>	<b>944</b>	<b>n.m.</b>
<b>IFRS Ebit</b>	<b>(282)</b>	<b>1,670</b>	<b>1,952</b>	<b>n.m.</b>
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.
<b>RCA Net income before taxes and minority interests</b>	<b>319</b>	<b>1,329</b>	<b>1,011</b>	<b>n.m.</b>
Taxes	(337)	(729)	392	n.m.
Taxes on oil and natural gas production <sup>1</sup>	(301)	(560)	259	86%

## 4.3 Consolidated income

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

<sup>1</sup> 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
<b>Items impacting Ebitda</b>	<b>(12)</b>	<b>11</b>
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
<b>Items impacting non-cash costs</b>	<b>252</b>	<b>78</b>
Provisions for environmental charges and others (Matosinhos Refinery)	94	71
Depreciations and Amortisations - Unitisation	5	-
Asset impairments (Matosinhos Refinery)	153	7
<b>Items impacting financial results</b>	<b>(142)</b>	<b>785</b>
Gains/losses on financial investments (GGND) <sup>1</sup>	(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)
<b>Items impacting taxes</b>	<b>81</b>	<b>(140)</b>
Taxes on special items	(75)	(179)
BRL/USD FX impact on deferred taxes in Brazil	119	8
Energy sector contribution taxes	36	31
<b>Non-controlling interests</b> (Unitisation and FX on deferred taxes Brazil)	<b>(8)</b>	<b>3</b>
<b>Total special items</b>	<b>171</b>	<b>737</b>

<sup>1</sup> 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

	€m		
	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
<b>Capex<sup>1</sup></b>	<b>898</b>	<b>936</b>	<b>38</b>

<sup>1</sup> 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)

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

<sup>1</sup> 2021 includes the proceeds from the GGND stake sale of €368 m.

<sup>2</sup> Mainly dividends paid to Sinopec.



## 4.6 Financial position

### Consolidated financial position

	€m		
	2020	2021	Var.
Net fixed assets <sup>1</sup>	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 <sup>1</sup>	(710)	(2,119)	(1,409)
<b>Capital employed</b>	<b>7,254</b>	<b>7,506</b>	<b>252</b>
Short term debt	539	1,305	766
Medium-Long term debt	3,204	2,995	(210)
<b>Total debt</b>	<b>3,743</b>	<b>4,300</b>	<b>556</b>
Cash and equivalents	1,678	1,942	265
<b>Net debt</b>	<b>2,066</b>	<b>2,357</b>	<b>292</b>
Leases (IFRS 16)	1,089	1,179	90
Equity	4,100	3,970	(130)
<b>Equity, net debt and leases</b>	<b>7,254</b>	<b>7,506</b>	<b>252</b>

<sup>1</sup> 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



REGENERATING THE FUTURE

## 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.

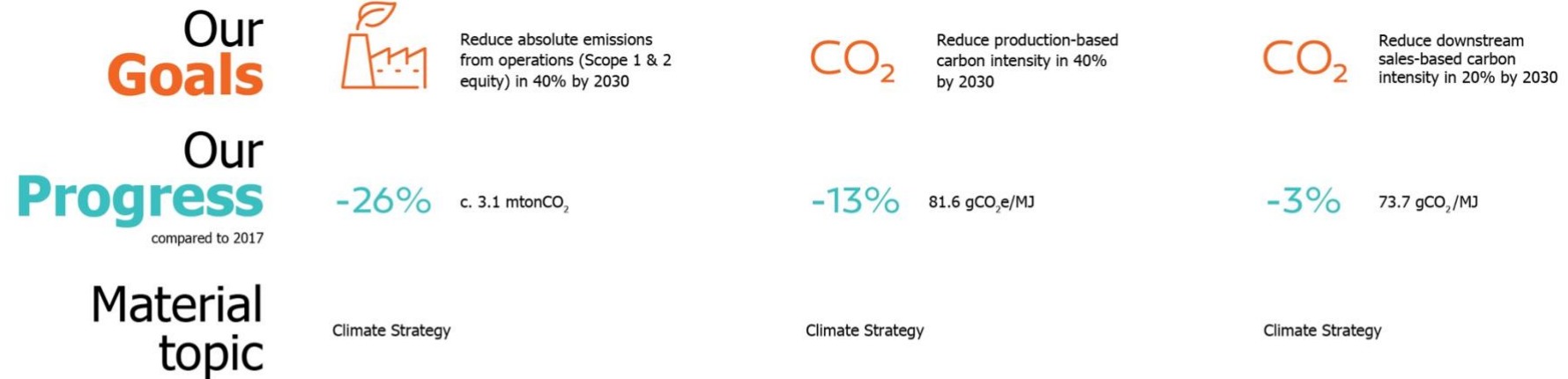
Further information about Galp's EU Taxonomy context and performance can be found in chapter 1 of Part IV - Appendices.

#### 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 CO<sub>2</sub> 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



### Our alignment with the SDGs

SDGs and key targets



7  
AFFORDABLE  
AND CLEAN ENERGY

**Target 7.1:** Ensure universal access to affordable, reliable and modern energy services

**Target 7.2:** Increase the share of renewable energy in the global energy mix

**Target 7.3:** Double the global rate of improvement in energy efficiency



11  
SUSTAINABLE  
AND COMMUNITIES

**Target 11.2:** Provide access to sustainable transport systems for all



9  
INDUSTRY,  
INNOVATION  
AND INFRASTRUCTURE

**Target 9.4:** Upgrade infrastructure and retrofit industries to make them sustainable

**Target 9.5:** Enhance scientific research, upgrade the technological capabilities of industrial sectors, encouraging innovation



12  
RESPONSIBLE CONSUMPTION  
AND PRODUCTION

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



13  
CLIMATE  
ACTION

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

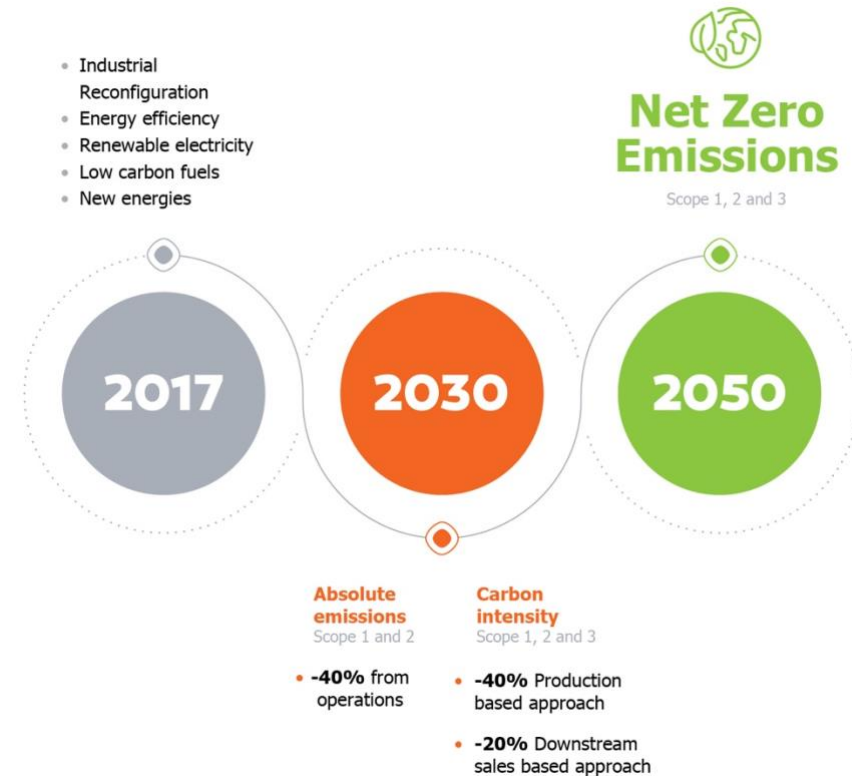
## 5.3 Approach to climate change

### 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 assets<sup>1</sup>.
- 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 electricity<sup>1</sup>.

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

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.

<sup>1</sup> 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

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

### CO<sub>2</sub> pricing

Galp incorporates CO<sub>2</sub> 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 CO<sub>2</sub> 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€/tonCO<sub>2e</sub> 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.

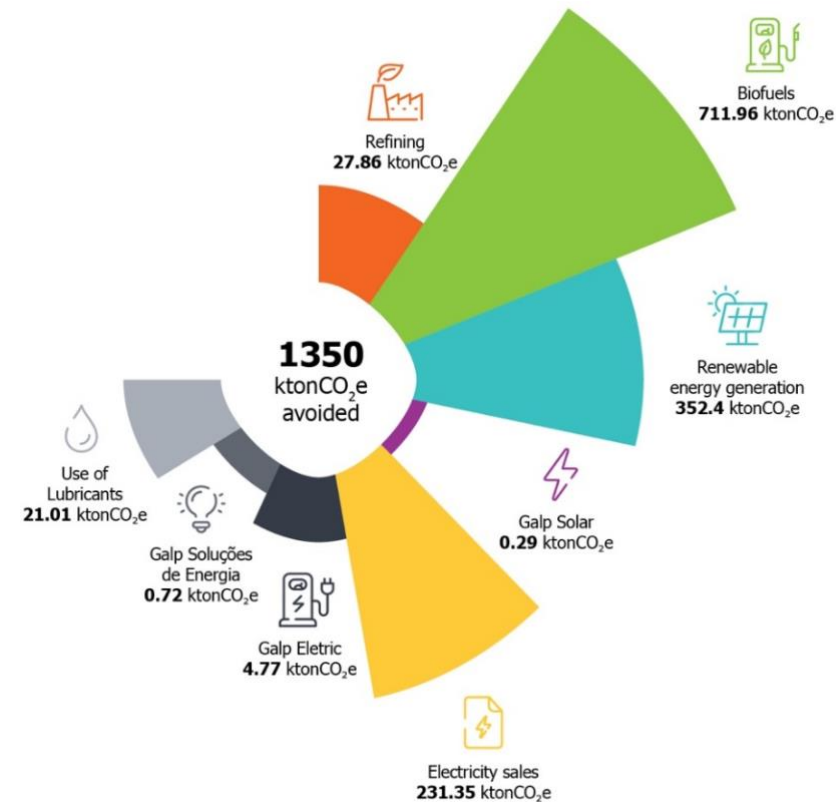
The main goals of the evaluation were to identify the sector associations that are aligned with Galp's purpose, vision, mission and values, with respect to sustainable development and thus to the Paris Agreement and the European Climate Law. Of the 20 associations selected, representing 75% of Galp's 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 ktonCO<sub>2</sub>e 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 kgCO<sub>2</sub>e/boe, close to half of the industry's average of 17.4 kgCO<sub>2</sub>e/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 kgCO<sub>2</sub>e/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 ktonCO<sub>2</sub>e/year. The debottlenecking of the catalytic reforming unit allowed the increase of the unit load and the consequential generation of more H<sub>2</sub>, avoiding 22.6 ktonCO<sub>2</sub>e/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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 ktonCO<sub>2</sub>e/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 m<sup>3</sup> of biofuels were integrated in the diesel (biodiesel and HVO) and gasoline (bioethanol) sold by the Company. This represents approximately 700 ktons of avoided CO<sub>2</sub> 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 Mobiletronic 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 CO<sub>2</sub> 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 ktonCO<sub>2</sub>e 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 tonCO<sub>2</sub>e.

- 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 tonCO<sub>2</sub>e.

## 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 ktonCO<sub>2e</sub> 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 CO<sub>2</sub> in strategic territories**  
Galp joined the pan-European consortium PilotSTRATEGY - CO<sub>2</sub> Geological Pilots in Strategic Territories to study the geological storage of CO<sub>2</sub> in deep saline aquifers in industrial regions in Southern and Eastern Europe.
- **NetMIX Projects**  
Projects using the NETmix catalytic reactor to sequester CO<sub>2</sub> in hydrates and then convert CO<sub>2</sub> into CH<sub>4</sub> to boost decarbonisation in industrial processes and to continuously produce liquid hydrocarbons from synthesis gas (CO and H<sub>2</sub>).
- **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



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



Local hiring



### Our Progress



Talent Attraction and Retention



Local Community Development



Development of Human Capital

### Material topic

### Our alignment with the SDGs

SDGs and key targets



**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



**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



**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

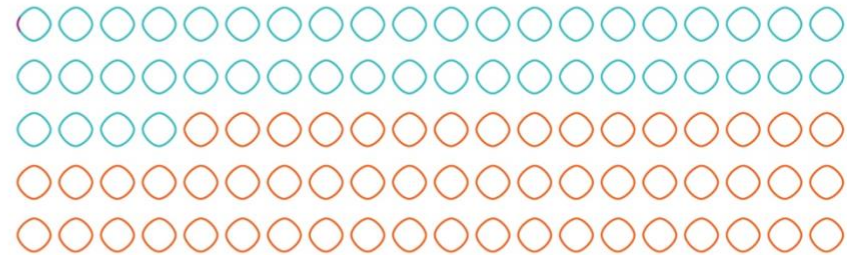
Distribution by age



**639**  
 < 30 Years  
 Generation Y

**3,982**  
 30 - 50 Years  
 Generation X / Y

**1,531**  
 > 50 Years  
 Baby Boomer



**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 31<sup>st</sup>, 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
<b>Total</b>	<b>639</b>	<b>3,982</b>	<b>1,531</b>	<b>2,711</b>	<b>3,441</b>	<b>3,068</b>	<b>3,084</b>

### 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	-	-	-
<b>Total</b>	<b>201,854</b>	<b>169,368</b>	<b>181,655</b>	<b>31.1</b>	<b>27.7</b>	<b>29.5</b>	<b>3.0</b>	<b>1.3</b>	<b>1.8</b>

### 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 360° 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 CO<sub>2</sub>/year
- **Clean energy for cooking in Guinea Bissau and Mozambique** | +220,000 inhabitants; +100 thousand hectares of deforestation avoided; +530 thousand tonnes of CO<sub>2</sub> 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 CO<sub>2</sub> 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



950 beneficiary entities



### 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 - Miéze | 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)	
	<b>24.8</b>
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 Goals



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

> 15%



No net loss on biodiversity



Sites assessed in terms of water and biodiversity risks

100%

### Our Progress

<sup>1</sup> compared to 2017



NOx emissions<sup>1</sup>

-17%



SO<sub>2</sub> emissions<sup>1</sup>

-84%



Particulate emissions<sup>1</sup>

-19%



Water withdrawal<sup>1</sup>

-13%



Energy consumption<sup>1</sup>

-31%

### Material topic

Operational Ecoefficiency

Biodiversity and ecosystems

Water management

### Our alignment with the SDGs

SDGs and key targets



6  
CLEAN WATER  
AND  
SANITATION

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



9  
INDUSTRY,  
INNOVATION  
AND  
INFRASTRUCTURE

**Target 9.2:** Promote inclusive and sustainable industrialization



12  
RESPONSIBLE  
CONSUMPTION  
AND  
PRODUCTION

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



15  
LIFE  
ON LAND

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

## 5.5 Reducing the ecological footprint

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 <sup>1</sup>
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 <sup>3</sup> m <sup>3</sup> )	10,319	10,774	9,881	9,435	88%
Wastewater (10 <sup>3</sup> m <sup>3</sup> )	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 <sup>2</sup>	8	3	7	11	9%
Volume of primary containment losses that impacted the environment (m <sup>3</sup> ) <sup>2</sup>	14	61	302	44	0.5%
GHG Emissions under the European Union Emissions Trading System (tonCO <sub>2</sub> 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 <sub>2</sub> 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 <sub>2</sub> e/MJ)	89.4	87.3	82.5	81.6	-
Downstream sales Carbon Intensity (gCO <sub>2</sub> e/MJ)	75.2	74.8	74.9	73.7	-
Carbon Footprint – Direct Emissions (tonCO <sub>2</sub> e) (scope 1) <sup>3</sup>	3,700,186	3,745,540	3,591,892	3,198,740	84%
Carbon Footprint – Indirect Emissions (tonCO <sub>2</sub> e) (scope 2 – market based) <sup>3</sup>	133,516	112,504	42,026	9,149	0%
Flaring gas – Upstream (Mm <sup>3</sup> )	55.3	50.0	40.2	34.5	0%

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

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

<sup>3</sup> 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, totalizing 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



Human Rights



Safety



Sustainable Supply Chain Management

### Material topic

### Our alignment with the SDGs

SDGs and key targets



**8**  
DECENT WORK  
AND ECONOMIC  
GROWTH

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



**16**  
PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

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



**17**  
PARTNERSHIPS  
FOR THE  
GOALS

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

## 5.6 Developing a conscious business

### Culture of transparency and ethics

#### 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.

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

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 <sup>2</sup>	TRIR <sup>3</sup>	Fatalities	Accidents	LTIF <sup>1</sup>	TRIR <sup>2</sup>	Fatalities	Accidents	LTIF <sup>1</sup>	TRIR <sup>2</sup>
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
<b>Total</b>	<b>0</b>	<b>32</b>	<b>1.1</b>	<b>1.7</b>	<b>0</b>	<b>28</b>	<b>0.5</b>	<b>1.0</b>	<b>0</b>	<b>39</b>	<b>1.2</b>	<b>1.7</b>

<sup>3</sup> 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 <sup>4</sup>	0.10	0.07	0.13	0.05
Tier 2 <sup>5</sup>	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.

<sup>4</sup> 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

<sup>5</sup> 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 <sup>6</sup> 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.

<sup>6</sup> 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

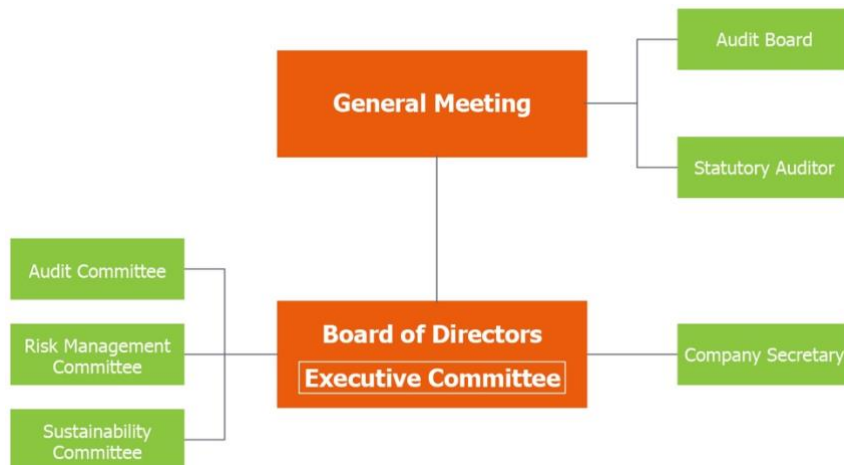


REGENERATING THE FUTURE

## 6.1 Governance model

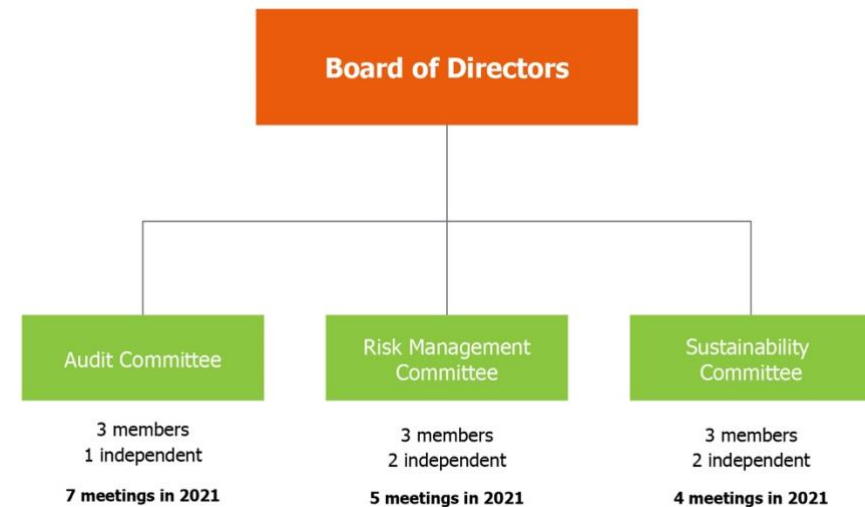
Galp adopts the monist corporate governance model, which comprises:

- 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

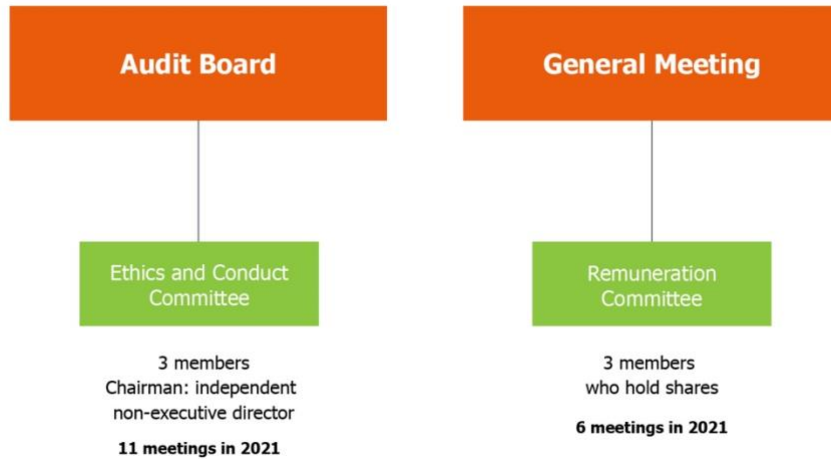


Galp's governance model seeks the transparency and efficiency of the Group's operation, based on a separation of management powers from supervisory powers. While the Board of Directors performs a role of supervision, control and monitoring of strategic guidelines, the role of the Executive Committee – 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



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

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

	Risk Management Committee	Sustainability Committee	Auditing Committee
Duties	Monitoring Galp's risk management system	Monitoring the integration of sustainability principles into the management process	Monitoring the supervision of the internal audit system
	Ethics and Conduct Committee	Remuneration Committee	
Duties	Monitoring the implementation of the Code of Ethics and Conduct; clarifying questions about its application and reception and processing irregularity reports through the Opentalk ethics line.	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



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



**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



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



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



**Thore Kristiansen**  
COO Production & Operations  
First appointment:  
3 October 2014



**Teresa Abecasis**  
COO Commercial  
First appointment:  
23 July 2021



**Georgios Papadimitriou**  
COO Renewables & New Businesses  
First appointment:  
1 January 2022



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



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



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



**Edmar de Almeida**  
First appointment:  
12 April 2019



**Javier Cavada Camino**  
First appointment:  
17 December 2021



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



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



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



**Francisco Teixeira  
Rêgo**  
First appointment:  
16 April 2015



**Marta Amorim**  
First appointment:  
14 October 2016



**Carlos Pinto**  
First appointment:  
12 April 2019

# 46%

of non-executive directors  
are **independent**

Executive Member ———  
Independent Member<sup>1</sup> ———  
Other Members ———

<sup>1</sup> 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.

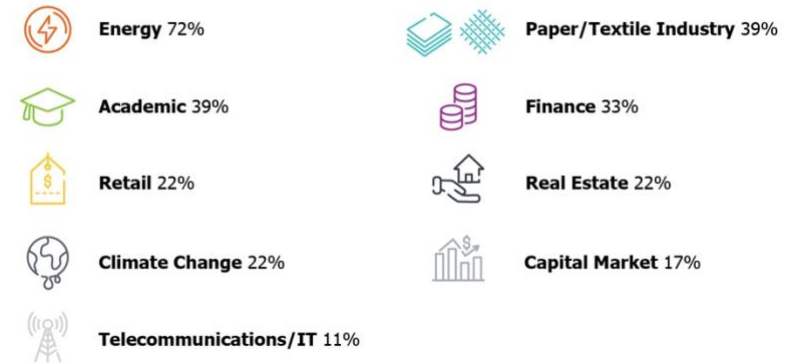
### Diversity within the board of directors

- 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 15<sup>th</sup> 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
- Belem 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 Geadá
- 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

### 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

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

## 6.3 Remuneration policy

In accordance with the say-on-pay principle, the General Meeting on 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.

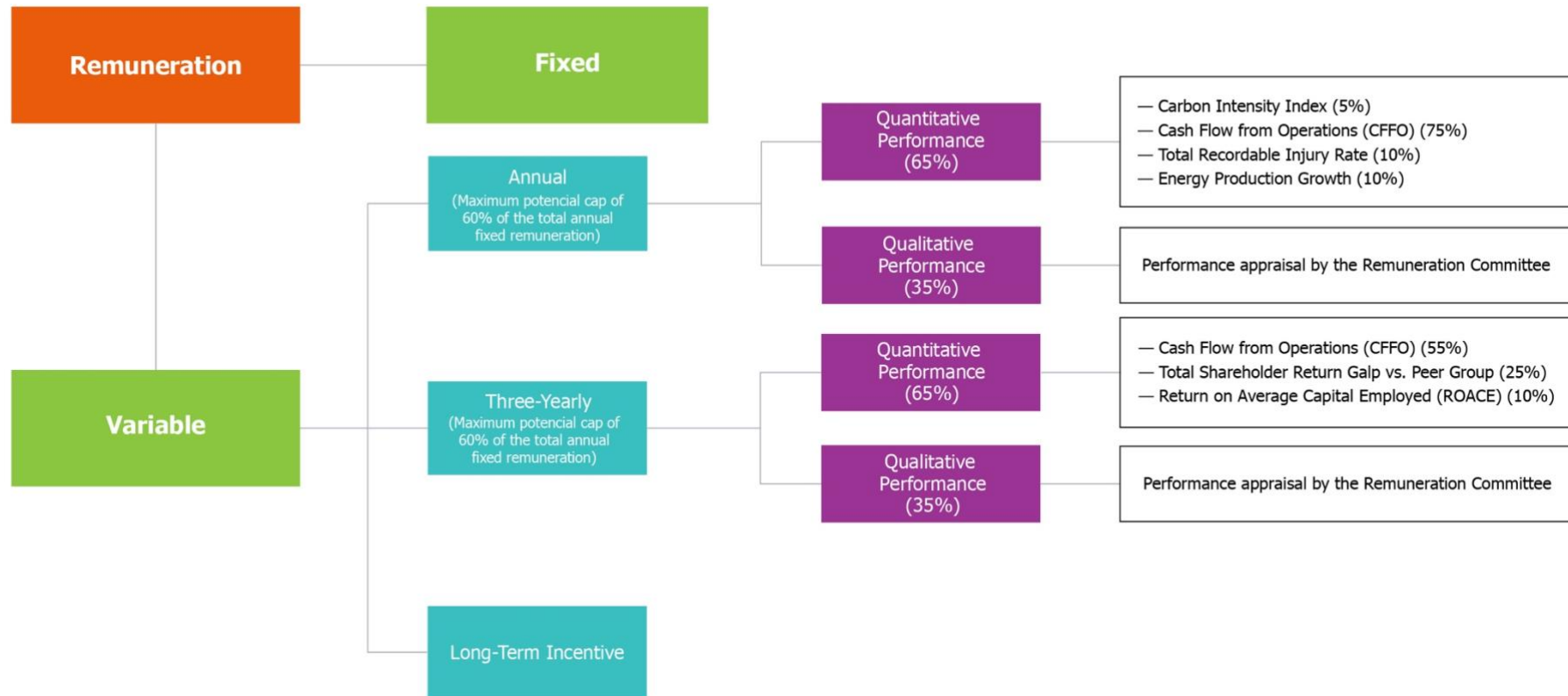
The Statutory Auditor has the remuneration contracted under normal market conditions.

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

Paula Amorim

#### Vice-chairmen

Miguel Athayde Marques

Andy Brown

#### Members

Filipe Silva

Thore Kristiansen

Teresa Abecasis

Georgios Papadimitriou

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

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 those 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.

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# REGENERATING THE FUTURE

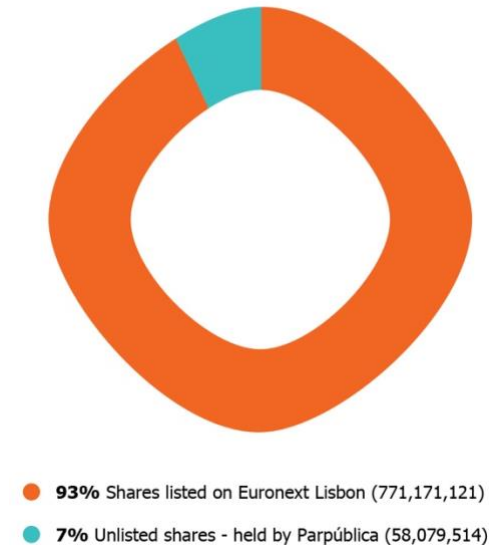
This report describes in detail the corporate governance structure and practices adopted by Galp in 2021, to comply with Article 29-H of the Portuguese Securities Code and the governance code report model approved by CMVM Regulation No. 4/2013, which is available on the CMVM website at [https://www.cmvm.pt/en/Legislacao/National\\_legislation/Regulamentos/Documents/Reg4\\_2013.Governo.das.Sociedades.en.pdf](https://www.cmvm.pt/en/Legislacao/National_legislation/Regulamentos/Documents/Reg4_2013.Governo.das.Sociedades.en.pdf)

# Information on the company's shareholding structure, organisation and governance

## A. Shareholding structure

### I. Capital structure

- Capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including shares that are not listed, different classes of shares, the corresponding rights and duties, and the capital percentage that each category represents (Article 29-H(1)(a)).**



Note: non-listed shares are owned by Parpública and, under the applicable legal framework, must be placed in the market, as they were not used to repay the exchangeable bonds. These shares do not have any special rights and may be

fungible with the remaining shares upon request without requiring the approval of any of Galp's corporate bodies

## **2. Restrictions on the transfer of shares, such as consent clauses on disposal or limits on share ownership (Article 29-H(1)(b)).**

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

## **3. Number of treasury shares, the percentage of share capital represented by these shares and the corresponding percentage of voting rights (Article 29-H(1)(a)).**

As at 31 December 2021, Galp held no treasury shares or bonds.

## **4. Agreements to which the company is a party and which come into effect, are amended or are terminated after events such as a change in the control of the company following a takeover bid, as well as the respective effects, except where, owing to the nature of the same, disclosure would be seriously detrimental to the company, except where the Company is specifically required to disclose such information pursuant to other legal requirements (Article 29-H(1)(j)).**

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

In line with normal market practice, some financing agreements and bond issues include change-of-control provisions, with the possibility of the relevant creditors/bond holders requesting early repayment. These contracts have no adverse financial effect on the transfer of shares in Galp nor on the assessment of the directors' performance by the shareholders.

Galp has not adopted any mechanism that entails making payments or undertaking responsibility for costs in the event of a change of control or a change in the composition of the Board of Directors that could adversely affect the transfer of the shares and the assessment by the shareholders of the performance of the members of the Board of Directors.

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

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

## 6. Shareholder agreements which the company is aware of and which could result in restrictions on the transfer of securities or voting rights (Article 29-H(1)(g)).

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

## II. Shares and Bonds held

### 7. Details of the natural or legal persons that are, directly or indirectly, the holders of any qualifying holdings (Article 29-H(1)(c) and (d) and Article 16), showing the allocated percentage of capital and votes, as well as the sources and reasons.

Shareholders and other entities are required to report qualifying holdings to the CMVM and to Galp when the holding attributable to such shareholder or entity reaches, exceeds, or falls below the thresholds of 2% (applicable until 31 December 2021), 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 90% of the voting rights in Galp's share capital. These reporting duties are generally applicable in European Union countries. In Portugal, they are set out in Article 16 of the Portuguese Securities Code, which is available on the CMVM website at [www.cmvm.pt](http://www.cmvm.pt).

As of 31 December 2021, the qualifying holdings in Galp's share capital, calculated in accordance with Article 20 of the Portuguese Securities Code and reported to Galp, for the purposes of Article 16 of the Portuguese Securities Code, were as follows:

Amorim Energia B.V.	No. of shares	% share capital with voting rights
Direct	276,472, 161	33.34%
<b>Total attributable</b>	<b>276,472,161</b>	<b>33.34%</b>

Parpública – Participações Públicas (Sgps) S.A.	No. of shares	% share capital with voting rights
Direct <sup>1</sup>	62,021,340	7.48%
<b>Total attributable</b>	<b>62,021,340</b>	<b>7.48%</b>

<sup>1</sup> 58,079,514 of which are subject to privatisation process.

Massachusetts Financial Services Company	No. of shares	% share capital with voting rights
Direct	30,354,831	3.66%
Indirect <sup>2,3</sup>	11,780,164	1.42%
<b>Total attributable</b>	<b>42,134,995</b>	<b>5.08%</b>

<sup>2</sup> Includes 11,682,177 shares and 97,987 depository receipts converted to the common stock shares

<sup>3</sup> Held through the following entities: MFS Institutional Advisors Inc, MFS Investment Management Canada Limited, MFS Heritage Trust Company, MFS Investment Management Company (LUX) S.a.r.l., MFS International Singapore Pte. Ltd, MFS International (UK) Limited and MFS Investment Management K.K.

T. Rowe Price Group, Inc	No. of shares	% share capital with voting rights
Direct	0	0%
Indirect <sup>4</sup>	41,647,067	5.02%
<b>Total attributable</b>	<b>41,647,067</b>	<b>5.02%</b>

<sup>4</sup> 4,30% are held through T. Rowe Price International Ltd (no public information on the remaining).

Blackrock, Inc	No. shares	% share capital with voting rights
Direct	0	0%
Indirect <sup>5,6</sup>	41,449,604	4.998%
<b>Total attributable</b>	<b>41,449,604</b>	<b>4.998%</b>

<sup>5</sup> 4.82% of voting rights attached to shares and 0.18% attached to other financial instruments (cash settled CFDs).

<sup>6</sup> Held through the undertakings better detailed [here](#).



## A. Shareholding structure

Black Creek Investment Management inc.	No. shares	% share capital with voting rights
Direct	1,300,837	0.157%
Indirect <sup>7</sup>	15,533,170	1.873%
<b>Total attributable</b>	<b>16,834,007</b>	<b>2.030%</b>

<sup>7</sup> Shares beneficially owned by 23 separate funds and clients that Black Creek advises regarding their investment portfolios and has discretionary voting rights (each below 2%).

Lazard Asset Management LLC	No. of shares	% share capital with voting rights
Direct	0	0%
Indirect <sup>8,9</sup>	16,744,090	2.02%
<b>Total attributable</b>	<b>16,744,090</b>	<b>2.02%</b>

<sup>8</sup> 1.98% of voting rights attached to shares and 0.04% attached to other financial instruments.

<sup>9</sup> Held on behalf of clients.

During 2021, the following transactions took place on qualifying holdings:

	Transaction date	Description of the transaction
Lazard Asset Management LLC	22 February 2021	Increase to above 2%
The Bank of New York Mellon Corporation	10 March 2021	Increase to above 2%
The Bank of New York Mellon Corporation	16 March 2021	Maintains above 2%
The Bank of New York Mellon Corporation	25 March 2021	Maintains above 2%
Massachusetts Financial Services Company	8 July 2021	Decrease to below 5%
Massachusetts Financial Services	30 July 2021	Increase to above 5%
Massachusetts Financial Services Company	2 August 2021	Decrease to below 5%
Massachusetts Financial Services Company	31 August 2021	Increase to above 5%
The Bank of New York Mellon Corporation	7 and 8 September 2021	Decrease to below 2%
Pendal Group Limited	12 November 2021	Increase to above 2%
Pendal Group Limited	19 November 2021	Decrease to below 2%

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

	Total of shares as at 01.01.2021	Acquisition			Disposal			Total of shares as at 31.12.2021*
		Date	No. of shares	Value (€/share)	Date	No. of shares	Value (€/share)	
<b>Chair</b>								
Paula Amorim <sup>1,5</sup>	0							0
<b>Vice-Chair</b>								
Miguel Athayde Marques	1,800							1,800
Andy Brown <sup>2</sup>	0	21.06.2021	25 323	9.61				25,323
<b>Directors</b>								
Filipe Silva	20,000							20,000
Thore Kristiansen	0							0
Carlos Costa Pina	2,200							2,200
Teresa Abecassis <sup>3</sup>	0	10.11.2021	445	9.008	24.11.2021	445	8,804	445
		24.11.2021	445	8.871				
Marta Amorim <sup>1,6</sup>	19,915							19,915
Francisco Teixeira Rêgo <sup>1</sup>	17,680							17,680
Carlos Pinto	0							0
Luís Todo Bom	0							0
Jorge Seabra <sup>1</sup>	0							0
Rui Paulo Gonçalves <sup>1</sup>	0							0
Diogo Tavares	30,540							30,540
Edmar de Almeida	0							0
Cristina Fonseca	0							0
Adolfo Mesquita Nunes	0							0
Javier Cavada Camino <sup>4</sup>	0							0
<b>Members of the Audit Board</b>								
<b>Chair</b>								
José Pereira Alves	0							0

	Total of shares as at 01.01.2021	From 1 January to 31 December 2021						Total of shares as at 31.12.2021*
		Acquisition			Disposal			
		Date	No. of shares	Value (€/share)	Date	No. of shares	Value (€/share)	
<b>Members:</b>								
Maria de Fátima Geada	0							0
Pedro Antunes de Almeida	5							5
Alternate: Amável Calhau	0							0
<b>Statutory Auditor</b>								
<b>Effective</b>								
Ernst & Young Audit & Associados, SROC, S.A. representado por Rui Martins	0							0
<b>Alternate</b>								
Manuel Mota	0							0

<sup>1</sup> For the purposes of article 447, no. 2, paragraph d) of the Companies Code, it is further stated that Amorim Energia B.V., in which the director appointed also performs management functions, holds 276,472,161 Galp shares

<sup>2</sup> Andy Brown was co-opted by the Board of Directors on 5 February 2021, following the resignation of Carlos Gomes da Silva, being the co-option ratified by the General Meeting of Shareholders on 23 April 2021. The first available information dated on that date. On the date he left the Board of Directors, Carlos Gomes da Silva held 17 410 shares.

<sup>3</sup> Appointed by co-option on 23 July 2021 (being the first available information dated on that date) following the resignation of Susana Quintana-Plaza. On the date she left the Board of Directors, Susana Quintana Plaza held no shares.

<sup>4</sup> Appointed by co-option on 17 December 2021 (being the first available information dated on that date) following the resignation of Carlos Silva and Sofia Tenreiro. On the date they left the Board of Directors, José Carlos Silva was the holder of 275 shares and Sofia Tenreiro held 1 500 shares.

<sup>5</sup> Shares held by related parties.

<sup>6</sup> Shares held by related parties.

On 31 December 2021, none of the members of the management and supervisory bodies held any bonds issued by the Company.

The number of shares held by the CEO in function as of December 31, 2021, expressed as a multiple of the respective fixed annual salary, is 0.2741; the average number of shares held by executive members (except the CEO), expressed as a multiple of the respective fixed annual salary, is 0.1769.

**9. Special powers of the Board of Directors, particularly with regard to resolutions on capital increase (Article 29-H(1)(i) of the Portuguese Securities Code), stating the date the powers were conferred, the time period within which they may be exercised, the upper threshold for the capital increase, the amount already issued under the allocation of powers and the manner of implementing the allocated powers.**

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

The Annual General Meeting held in 2021 granted the Board of Directors the power to acquire and dispose of the Company's treasury shares and bonds, on the terms to be decided in line with market conditions, and the criteria approved at the General Meeting, in accordance with the applicable laws and regulations.

The relevant resolution is available on Galp's website at:  
<https://www.galp.com/corp/en/investors/information-to-shareholders/general-shareholders-meetings/general-shareholders-meeting/id/22/annual-general-meeting-2021>

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

In 2021, there were no material business relationships between the holders of qualifying holdings and Galp.

## B. Corporate bodies and committees

### I. General meeting

#### a) Composition of the Board of the General Meeting

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

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

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

Chair: Ana Perestrelo de Oliveira

Vice-Chair: Rafael Lucas Pires

Secretary: Sofia Leite Borges

#### b) Exercising the right to vote

#### 12. Any restrictions on the right to vote, such as voting right restrictions based on a number or percentage of shares, deadlines for exercising voting rights or systems whereby the financial rights attached to securities are detached (Article 29-H(1)(f) of the Portuguese Securities Code).

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

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

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

- on the registration date, i.e., 00:00 (WEST) of the fifth trading day prior to the date of the General Meeting, they are a holder of at least one share;
- Shareholder proves ownership of the share(s) by sending a written declaration to the financial intermediary where the individualised registry account is opened by the day prior to the registration date, which corresponds to the 5th trading day prior to the date of the General Meeting;

- The financial intermediary shall notify the Chair of the Board of the General Meeting of the shareholder's intention, and shall send the information on the number of shares registered on behalf of its client by the end of the 5th trading day prior to the date of the General Meeting.

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

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

This possibility has been included in all convening notices of Galp's General Meetings, including the convening notice for the 2021 Annual General Meeting, and has been a repeated practice since 2015.

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

The possibility of participation by telematic means has also been available for all annual General Meetings held since 2018, including the 2021 Annual General Meeting, the latter being exclusively held by telematic means, due to legal and public health restrictions imposed by COVID-19.

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

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

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

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

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

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

In addition to those legally set out in the law, article 12(4) of Galp's By-laws require a two-thirds qualifying majority in the following cases:

- a) first and second calls, for resolutions on matters relating to the management of the Company submitted to the General Meeting by the Board of Directors;
- b) second call for the following matters: (I) amendments to the By-laws, including capital increases and the restriction or suppression of any pre-emption rights of the shareholders (II) mergers, demergers, transformation or winding-up of the Company.

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

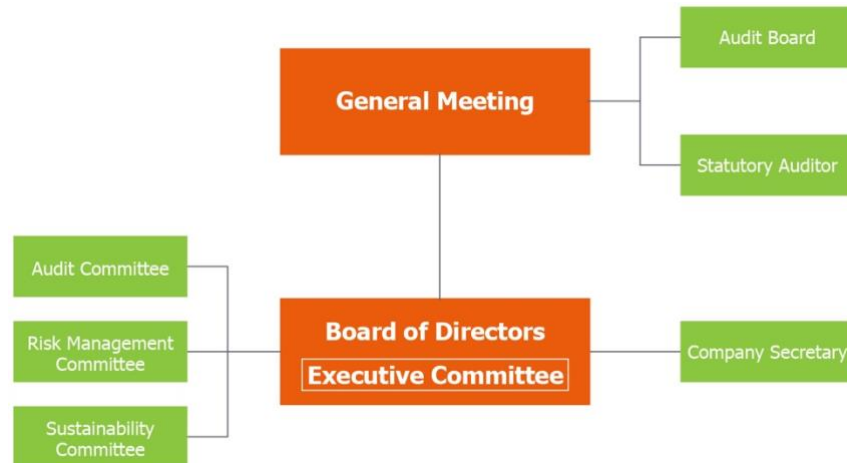
deliberative quorum of two thirds in a second convening is only required for matters which, because they are strategic and of utmost importance to the Company, the law itself requires for resolutions on the same matter in the first convening.

## II. Management and supervision

(Board of Directors, Executive Board and General Council and Supervision)

### a) Composition

#### 15. Details of the adopted corporate governance model



Galp's corporate governance model comprises:

- (i) a management structure composed of a Board of Directors from which an Executive Committee is selected;
- (ii) a strengthened supervisory framework, which includes the Audit Board and the Statutory Auditor;

- (iii) a Company Secretary with the duty of providing specialist support to the corporate bodies.

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

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

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

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

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



interests of its shareholders, and the sustainable development of Galp's business.

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

The supervisory powers of the Board are bolstered by the existence of a Lead Independent Director and three specialised committees created within the Board – Audit Committee, Sustainability Committee and Risk Management Committee, comprised exclusively by non-executive directors.

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

- (i) supervision of the Company's activity;
- (ii) control of the Company's financial information;
- (iii) oversight of the internal risk management, internal control and internal auditing systems;
- (iv) receipt (and processing) of reports of irregularities; and
- (v) protection of the External Auditor's independence.

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

## **16. By-law rules relating to the procedural requirements for the appointment and replacement of members of the Board of Directors, the Executive Committee and the General and Supervisory Board, where applicable (Article 29-H(1)(h)).**

### **Election**

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

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

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

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

Every year, shareholders also decide on whether directors should remain in office by making a positive appraisal of their performance through a vote of praise and/or confidence. A negative annual appraisal, by way of a no-confidence vote,

may lead to the dismissal of the director in question, in accordance with the terms of the law.

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

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

The Company has promoted exhaustive selection processes in order to identify, attract and select specific profiles, a strategy tailored for value creation oriented for the different, relevant management positions, with the support of reputable international companies specialised in the selection of C-level executives.

### **Substitution**

In the event of the permanent absence or impediment of any member of the Board of Directors, the latter must co-opt a replacement member and submit this replacement for endorsement at the next General Meeting. To this end, the

By-laws state that a director is deemed permanently absent if he or she misses three consecutive or five non-consecutive meetings.

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

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

The current members of the Board of Directors elected for the four-year term 2019–2022, as well as the changes that occurred during 2021 and all members who performed duties on 31 December 2021, are listed in the following table and notes and the information is always updated on Galp's website.

Name	Position	Date of first appointment	Term end date	Age
<b>Chair</b>				
Paula Amorim	Non-executive Chair <sup>1</sup>	24 April 2012	31 December 2022	51
<b>Vice-Chairmen</b>				
Miguel Athayde Marques	Lead Independent Director <sup>2</sup>	23 November 2012	31 December 2022	66
Andy Brown <sup>1</sup>	Chair of the Executive Committee	05 February 2021	31 December 2022	60
<b>Directors<sup>iv</sup></b>				
Filipe Silva	Executive Director	26 July 2012	31 December 2022	57
Thore Kristiansen	Executive Director	3 October 2014	31 December 2022	60
Carlos Costa Pina <sup>ii</sup>	Executive Director	24 April 2012	31 December 2022	50
Teresa Abecasis <sup>iii</sup>	Executive Director	23 July 2021	31 December 2022	44
Georgios Papadimitriou <sup>v</sup>	Executive Director	1 January 2022	31 December 2022	49
Marta Amorim	Non-executive Director	14 October 2016	31 December 2022	49
Francisco Teixeira Rêgo	Non-executive Director	16 April 2015	31 December 2022	49
Carlos Pinto	Non-executive Director	12 April 2019	31 December 2022	43
Luís Todo Bom	Independent Non-executive Director <sup>3</sup>	23 November 2012	31 December 2022	73
Jorge Seabra	Non-executive Director <sup>4</sup>	23 November 2012	31 December 2022	62
Diogo Tavares	Non-executive Director <sup>5</sup>	22 February 2006	31 December 2022	76
Rui Paulo Gonçalves	Non-executive Director <sup>6</sup>	6 March 2008	31 December 2022	54
Edmar de Almeida	Independent Non-executive Director	12 April 2019	31 December 2022	53
Cristina Fonseca	Independent Non-executive Director <sup>5</sup>	12 April 2019	31 December 2022	34
Adolfo Mesquita Nunes	Independent Non-executive Director <sup>7</sup>	12 April 2019	31 December 2022	44
Javier Cavada Camino <sup>vi</sup>	Independent Non-executive Director	17 December 2021	31 December 2022	46

<sup>1</sup> Chair of the Audit Committee.

<sup>2</sup> Chair of the Sustainability Committee and member of the Risk Management Committee.

<sup>3</sup> Chair of the Risk Management Committee and member of the Audit Committee.

<sup>4</sup> Member of the Audit Committee.

<sup>5</sup> Member of the Sustainability Committee.

<sup>6</sup> Member of the Risk Management Committee.

<sup>7</sup> Chair of the Ethics and Conduct Committee.

<sup>i</sup> In office since 5 February 2021, by co-optation.

<sup>ii</sup> Resigned, effective on 5 January 2022.

<sup>iii</sup> Appointed by co-option on 23 July 2021 following the resignation of Susana Quintana-Plaza.

<sup>iv</sup> José Carlos Silva and Sofia Tenreiro terminated their office by resignation, effective on 31 August 2021.

<sup>v</sup> Appointed by co-option effective on 1 January 2022.

<sup>vi</sup> Appointed by co-option effective on 17 December 2021.

## 18. Distinction to be drawn between executive and Non-executive directors and as regards Non-executive members, the details of members that may be considered independent or, where applicable, the details of the independent members of the General and Supervisory Board.

The members of the Board of Directors are considered independent, in accordance with the Governance Code of the Portuguese Institute of Corporate Governance ("PICG Corporate Governance Code"), if they are not associated with any specific interest group within the company and there is nothing that could affect their impartiality in terms of analysis and decision-making, namely because:

- a) They have exercised functions in any corporate body for more than twelve years, continuously or interspersed manner, in any of the company's bodies;
- b) they have been an employee of the Company or a company with which it has been in a controlling or group relationship in the past three years;
- c) in the past three years, they have provided services to or established a significant business relationship with the Company or with a company with

which it is in a controlling or a group relationship, either directly or as a partner, board member, manager or director of a legal person;

- d) they are receiving remuneration paid by the Company or by a company with which it is in a controlling or group relationship, in addition to the remuneration received as a member of the Board of Directors;
- e) they are cohabiting with or are married to, related to or next of kin to, up to and including direct third-degree relatives, a member of the Board of Directors or of someone who, directly or indirectly, holds individual qualifying holdings;
- f) they are a qualifying shareholder or representative of a qualifying shareholder.

Currently, 13 of the 18 members of the Board of Directors are non-executive directors, which is equivalent to more than half (72%) of the total number of directors, which is an appropriate number, particularly given Galp's shareholder structure, capital dispersion, the size of the Company and the complexity of the risks involved in the Company's business activity.

The non-executive members supervise and continually assess the management of the Company, ensuring its capacity for monitoring, supervising, overseeing and appraising the activities of the executive members.

## Board of Directors

### Non-executive Directors



Paula Amorim



Miguel Athayde Marques



Marta Amorim



Francisco Teixeira Rêgo



Carlos Pinto



Luís Todo Bom



Jorge Seabra de Freitas



Diogo Tavares



Rui Paulo Gonçalves



Edmar de Almeida



Cristina Fonseca



Adolfo Mesquita Nunes



Javier Cavada Camino

### Executive Directors



Andy Brown



Filipe Silva



Thore Kristiansen



Teresa Abecasis



Georgios Papadimitriou

Given the criteria for determining the independence of the non-executive members of the Board of Directors, provided for in the CSC and the PICG Corporate Governance Code", the Board of Directors includes the following six independent directors, based on its self-assessment for the 2021 financial year performed at the meeting held on 18 February 2022:

### Independent non-executive directors

Miguel Athayde Marques (Lead Independent Director)  
Luís Todo Bom  
Edmar de Almeida  
Cristina Fonseca  
Adolfo Mesquita Nunes  
Javier Cavada Camino

In view of the Company's governance model, its shareholder structure, and its free float, Galp believes that the proportion of independent directors of the non-executive members of the Board of Directors (i.e. 46%) is suitable and is higher than the percentage recommended in the PICG Corporate Governance Code (1/3).

At the Board of Directors' meetings, and as provided for in its Regulations, the non-executive members promote and participate in establishing the Company's strategy, its major policies, its corporate structure and decisions that are deemed strategic due to their magnitude or risk, as well as in assessing whether these are followed.

At the Board of Directors' meeting of 12 April 2019, the directors decided to assign two non-executive directors – Carlos Pinto and Edmar de Almeida – the special responsibility of monitoring the evolution of the markets in Angola and Brazil, respectively, to ensure a detailed strategic analysis of these two key markets for the Company.

On the same date, the independent non-executive directors appointed Miguel Athayde Marques as Lead Independent Director, for the purpose, among other things, of: (I) acting, whenever necessary, as an intermediary between the Chair of the Board of Directors and the remaining members; and (II) ensuring that they have all the necessary means and conditions for the performance of their duties.

At the co-option resolution of the Board of Directors on 17 December 2021, it was decided to assign to Javier Cavada Camino the special responsibility of following energy transition matters in Galp's context.

### 19. Professional qualifications and other relevant information about each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable.

As described in the chart below, the members of the Board of Directors have a range of skills, professional experience and academic backgrounds that are appropriate for the activities carried out by Galp and for the strategy established for the coming years.

This shows the diversity within the Board of Directors, which is in line with the Diversity Policy for the Board of Directors and Audit Board approved by the Board of Directors on 15 December 2017, and which has an impact on the appointments made at the elective General Meeting of 12 April 2019 available on Galp's website: [https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Diversity\\_policy\\_for\\_the\\_board\\_of\\_directors\\_and\\_audit\\_board\\_-\\_Versao\\_publicada\\_-\\_EN.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Diversity_policy_for_the_board_of_directors_and_audit_board_-_Versao_publicada_-_EN.pdf)

The Diversity Policy for the Board of Directors and Audit Board is committed to endeavouring, in accordance with the powers of each body, to foster diversity

on the Board of Directors and Audit Board, particularly with regard to the following criteria: age, gender, geographical origin, educational training and professional experience.

Galp recognises the benefits of diversity on its Board of Directors and Audit Board in order to ensure a more balanced composition, improve the performance of its members, enhance the quality of decision-making and control processes, avoid the group-thinking effect and contribute to the sustainable development of the Company, while requiring that each member has the individual characteristics necessary for holding the position in question.

Apart from the diversity of skills, the variety of academic backgrounds and professional experience, the Board of Directors is suitably diverse in terms of the origin, age and gender of its members. Currently, the Board of Directors includes members from 6 nationalities, including geographies where Galp operates and members with management experience in the various energy sectors. Javier Cavada Camino and Georgios Papadimitriou, co-opted in 2021, continue the geographic trend, being from Spain and Greece, respectively.

At the current date, the percentage of women on the Board of Directors is 22.2%. The Board members range in age from 34 to 76.

In order to ensure adequate knowledge and monitoring by the non-executive members of the activities carried on by the business units, an periodic knowledge sessions have been in place since 2018.

In 2021, the Board was involved in discussing Galp's strategic update through presentations by the business units and discussion with the Board of work streams, a process that culminated in the Strategy Day on 12 May 2021, in which the strategy update was discussed in depth.

The biographies of each member of the Board of Directors and their positions in other companies has been included in the Appendix and, in the figure below, the matrix of competences of each member of the Board of Directors in office.

### Skills matrix of the members of the Board of Directors

		Education	Main area of expertise										Operational experience					Other						
		Engineering	Economics / Finance	Business Administration / Management (including Risk Management)	Law	Academy	Energy	Financial Services	Paper & Textile	Real Estate / Hospitality	Capital Market	Public Offices	IT / Telecommunications	Climate Changes	Retail	Chairman	CEO	CFO	International	Finance	Investor Relations	Marketing	Procurement/Asset Management	Legal
Paula Amorim (Chairman)	NE		●			●		●	●					●	●	●		●		●				
Miguel Athayde Marques (Vice-Chairman and Lead Independent Director)	NE	●	●		●	●	●			●				●	●	●		●	●	●	●			●
Andy Brown (CEO and Vice-Chairman)	E	●	●			●				●			●					●				●		
Filipe Silva	E		●	●		●	●			●							●	●	●	●	●			●
Thore Kristiansen	E	●	●			●											●	●	●	●	●	●		●
Teresa Abecasis	E		●	●		●							●					●						
Georgios Papadimitriou	E		●	●		●							●				●	●						
Marta Amorim	NE		●				●	●	●						●			●	●			●		
Francisco Teixeira Rêgo	NE	●	●			●		●	●								●	●		●		●		
Carlos Pinto	NE			●	●	●							●					●	●					●
Luís Todo Bom	NE	●	●		●	●	●	●		●	●			●	●			●						●
Jorge Seabra de Freitas	NE		●	●				●									●	●	●	●				
Rui Paulo Gonçalves	NE		●	●	●	●																		●
Diogo Tavares	NE	●	●			●	●	●		●			●					●	●					
Edmar de Almeida	NE		●	●		●	●						●					●						
Cristina Fonseca	NE	●										●						●						
Adolfo Mesquita Nunes	NE			●	●		●			●														●
Javier Cavada Camino	NE	●	●	●		●	●								●	●		●						

NE - Non-executive E - Executive



**20. Customary and meaningful family, professional and business relationships of the members of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable, with shareholders that have a qualifying holding of more than 2% of the voting rights.**

The relationship of the members of the Board of Directors with shareholders that have a qualifying holding of more than 2% (applicable until 31 December 2021)/ 5% of the voting rights are as follows:

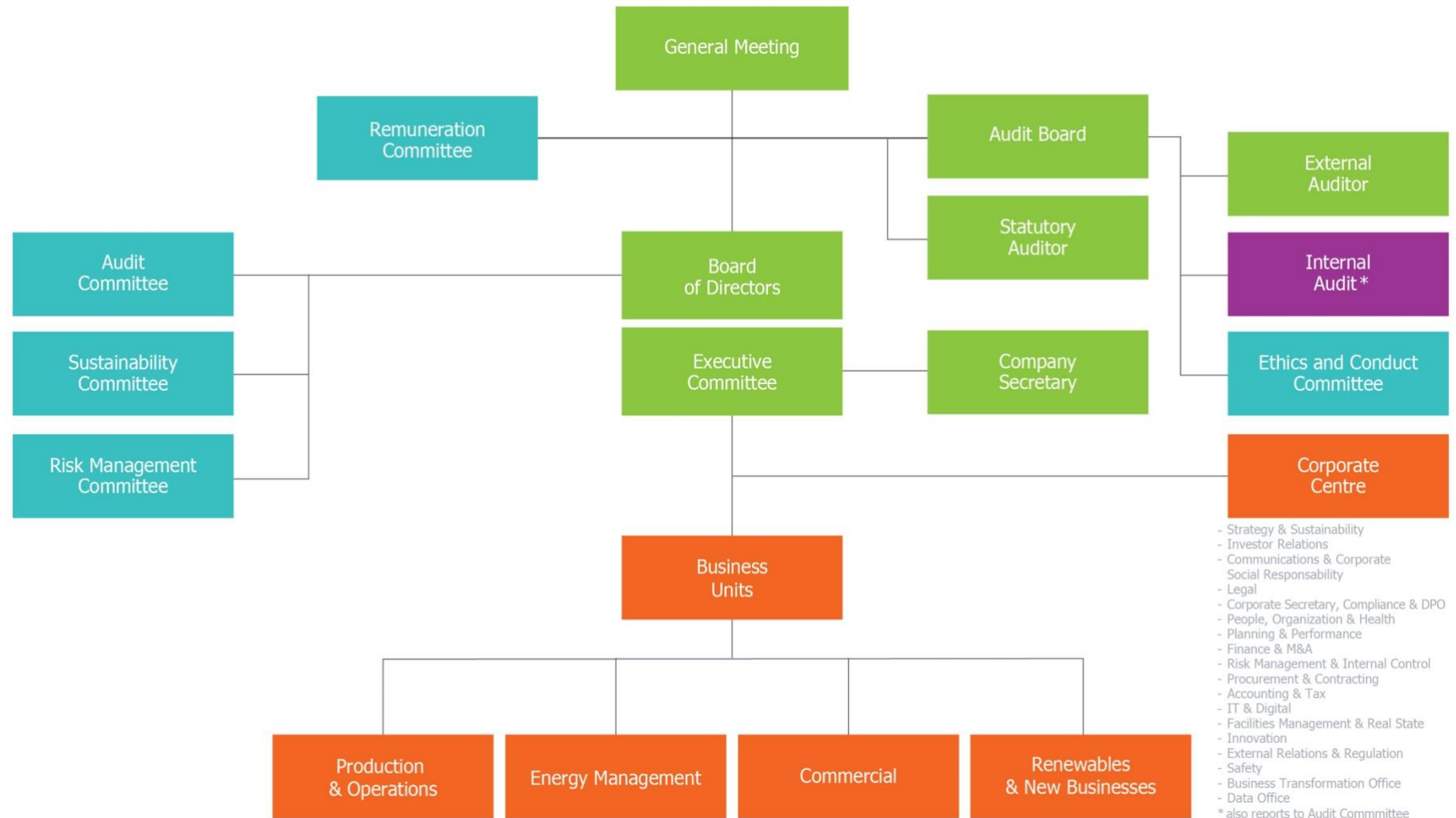
Shareholder with qualifying holding	Relationship	
Paula Amorim	Amorim Energia	Director
Marta Amorim	Amorim Energia	Director
Francisco Teixeira Rêgo	Amorim Energia	Director
Jorge Seabra	Amorim Energia	Director
Rui Paulo Gonçalves	Amorim Energia	Director

**21. Organisational charts or flowcharts showing the allocation of powers between the Company's various corporate bodies and committees and/or departments, including information on delegated powers, particularly in relation to the day-to-day management of the Company.**

Galp's current organisational structure is based on four business units and a corporate centre that is coordinated by each of the executive directors, as described in Section 29 of this report.

The corporate centre provides various services for the business units and the Group companies, including IT, planning and control, accounting, legal advice and human resources.

The Company's organisational model also provides for the existence of a number of committees, which are described in Sections 27 and 29 of this report.



## b) Functioning

### 22. Where to find the operating regulations of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable

The Board of Directors operates in accordance with the regulations governing its organisation and operation, approved by the Board at its meeting of 12 April 2019 and applicable for the 2019-2022 term, pursuant to Article 16 of the By-laws, available on Galp's website at [https://galp.com/corp/Portals/0/Recursos/Governance2019/regulamento\\_2019\\_2022\\_CA\\_en.pdf](https://galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_2019_2022_CA_en.pdf)

### 23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable.

The Board of Directors ordinarily meets in accordance with the schedule of meetings approved at the end of the previous year, and whenever a meeting is convened by the Chair or by any two directors.

The By-laws allow for Board of Directors' meetings to be held by electronic means and postal voting is also allowed.

In 2021 the Board of Directors held seventeen meetings, five of which through telematic means (videoconference) due to legal and public health restrictions imposed by COVID-19 and six through votes cast by electronic communications. Minutes were drawn up of all the meetings.

The attendance levels of the members of the Board of Directors at the seventeen meetings held in 2021 (which considers the number of meetings that occurred during the period each of them was in office during 2021) were as follows:

Name <sup>2</sup>	Present	Represented	Absent	Attendance <sup>1</sup>
Paula Amorim	17	0	0	100%
Miguel Athayde Marques	17	0	0	100%
Andy Brown	16	0	0	100%
Carlos Gomes da Silva	0	0	2	0%
Filipe Silva	17	0	0	100%
Thore E. Kristiansen	17	0	0	100%
Carlos Costa Pina	17	0	0	100%
Teresa Abecasis	9	0	0	100%
José Carlos Silva	10	0	1	91%
Sofia Tenreiro	10	0	1	91%
Susana Quintana-Plaza	8	0	1	89%
Marta Amorim	17	0	0	100%
Francisco Teixeira Rêgo	17	0	0	100%
Carlos Pinto	17	0	0	100%
Luis Todo Bom	17	0	0	100%
Jorge Seabra	17	0	0	100%
Diogo Tavares	17	0	0	100%
Rui Paulo Gonçalves	17	0	0	100%
Edmar de Almeida	17	0	0	100%
Cristina Fonseca	13	4	0	76%
Adolfo Mesquita Nunes	17	0	0	100%
Javier Cavada Camino	2	0	0	100%

<sup>1</sup> Not including representation

## **24. Details of the corporate bodies charged with appraising the performance of the executive directors.**

The Remuneration Committee, elected by the General Meeting in accordance with Article 8 of the By-laws, conducts an annual performance appraisal of the executive directors, for setting the respective variable pay, which includes a quantitative aspect (on the basis of whether economic, financial and operating targets, as defined annually by the Remuneration Committee), as well as a qualitative aspect (consulting the Non-executive members about the qualitative performance of the executive members of the Board of Directors).

Furthermore, the non-executive members, as part of their oversight role, monitor the performance of the executive directors.

In addition, pursuant to Article 376 of the CSC, at each General Meeting, the shareholders conduct a general appraisal of the Company's management. This appraisal is expressed through a vote of confidence or no confidence, in each of the directors and may, in case of negative appraisal, lead to the removal of the director concerned.

In addition, the Board reviews its own performance (including the executive members) and the performance of its committees on an annual basis, pursuant to Article 16 of the Board of Directors' Regulations. This review takes into account whether the Company's strategic plan and budget were followed, its risk management, its internal functioning and the contribution of each member to these objectives, as well as their relationships with the Company's other bodies and committees.

At its meeting on 18 February 2022, the Board of Directors conducted this performance evaluation, in reference to the year 2021, as in the previous year.

## **25. Pre-defined criteria for assessing the executive directors' performance.**

The performance of the executive directors is assessed according to the fulfilment of certain economic, financial and operational objectives, including environmental sustainability and energy efficiency criteria, as set in the remuneration policy in force at each moment.

The pre-defined criteria for appraising the executive directors' performance in the 2021 financial year, under the terms approved by the Remuneration Committee and submitted to the approval of the General Meeting, are set out in Section 69 of this report.

## **26. Availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable, and the details of any positions held at the same time in other companies within and outside the Galp Group, as well as any other relevant activities undertaken by the members of these boards throughout the financial year.**

The positions held by the members of the Board of Directors in other companies outside the Galp Group and any other relevant activities pursued by the members of this body, in the 2021 financial year, are shown in the appendix to this report.

In general, the members of the Board of Directors show great availability for their duties, as confirmed by their attendance at the meetings of the Board of Directors and the Executive Committee, and by their work at Galp, as verified

each year by the Remuneration Committee as part of the qualitative appraisal of the directors' performance.

Compliance with these requirements is evidenced in the appendix of this report, since the members of the Executive Committee only hold positions in the management bodies of Galp's direct or indirect subsidiaries.

They are therefore fully available for and dedicated to their positions as executive members of the Board of Directors.

With regard to the non-executive directors with the highest number of positions held in other companies outside the Galp Group, these are in compliance with the above-mentioned rule and holding these positions within the same group – the Amorim or Américo Amorim Group – does not affect their availability for their positions and for their duties of monitoring, assessing and supervising Galp's executive directors.

### Limits on positions

Under the Board of Directors' Regulations:

- (i) the members of the Executive Committee may not hold executive positions in listed companies that are not part of the Galp Group; and
- (ii) Non-executive directors may not hold management positions in more than four listed companies outside the Galp Group.

### Absences

Under the By-laws and the Board of Directors' Regulations, directors are considered definitively absent when they have not attended any three

consecutive or five non-consecutive meetings and the justification for these absences has not been accepted by the Board of Directors.

If any member of the Executive Committee fails to attend more than 20% of the Executive Committee's meetings, the CEO will inform the Board of Directors, conveying to the latter the reasons given for such absences.

The Board of Directors may then replace the Executive Committee member with another director, causing the former to become a non-executive director.

### Conflicts of interest

Galp complies with the mechanisms provided for by law, by the By-laws and by regulations for preventing and dealing with any conflicts of interest between the directors and the Company due to their holding other positions outside the Galp Group.

Under Article 398 of the CSC, directors may not:

- engage in any activity in competition with the Company or with a company in a controlling or group relationship with it, on its own behalf or on behalf of a third party, or perform duties in a competing company, or be appointed to it, unless authorised by the General Meeting;
- hold any position under an employment contract (the latter will be deemed to have been terminated if entered into less than one year before becoming a director or suspended if entered into more than one year earlier).

In accordance with the Board of Directors' Regulations, the members shall promptly inform the Board, specifically the chair, of any facts that may

constitute or give rise to a conflict between their own interests and the Company's interests.

The Company has also approved an internal regulation which is available on Galp's website at <https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamentos/NT-R-023%20-%20Management%20of%20Conflicts%20of%20Interest.pdf> which is applicable, among others, to the members of the Board of Directors and which establishes that members who have been identified as having a conflict of interest must refrain from discussing, voting, making decisions, giving opinions on, taking part in or exerting any influence on any decision-making processes directly related to the conflict of interest, without prejudice to providing any necessary information or clarification.

In addition, the Board of Directors' Regulations has also (i) established special mechanisms for access to sensitive information applicable to members of the Board of Directors that are in a conflict of interest due to carrying on an activity in competition with Galp authorised by the General Meeting and (ii) provides that its members shall immediately inform their chair of any facts that may constitute or give rise to a conflict between its interests and the corporate interest.

Moreover, in order to protect the Galp Group's interests in possible conflicts of interest between the Company and its directors arising from any dealings between them and the Company or companies in a controlling or group relationship with it, the regulatory standard, approved by the Board of Directors with prior opinion of the Audit Board, which governs the procedures to which the Group's related-party transactions are subject, as described in Sections 89 and 91 of this report.

In 2021, no authorisations were granted under applicable law to members of the Board of Directors to carry on business with the Company or companies controlled or in a group relationship with the Company.

## c) Committees within the Board of Directors or Supervisory Board and Chief Executive Officers

### **27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Committee, where applicable, and where to find their operating regulations.**

#### **Executive Committee**

At the Board of Directors' meeting on 12 April 2019, the Board appointed the Executive Committee, which, further to some changes in 2021 (5 February, 23 July and 17 December), currently consists of the five directors identified in Section 28 below, and approved the delegation of powers and the regulations which establish the principles and rules for the organisation and operation of the Board, which are available on Galp's website at [https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento\\_CE\\_2019\\_2022\\_EN\\_.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_CE_2019_2022_EN_.pdf)

The new composition of the Executive Committee is available on Galp's website at <https://www.galp.com/corp/en/corporate-governance/governing-model-and-bodies/executive-committee>

#### **Sustainability Committee**

On 12 April 2019, the Board of Directors established a Sustainability Committee composed of three non-executive directors, with the aim of ensuring the

incorporation of sustainability principles into the management of the Group and fostering good industry practices in business and corporate areas.

At present, the Committee is chaired by the Vice-Chair and Lead Independent Director of the Board of Directors, Miguel Athayde Marques (Chair). It also has two non-executive members of the Board of Directors, Cristina Fonseca (independent) and Diogo Tavares.

The Committee's Regulations are available at [https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Sustentabilidade\\_E1.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Sustentabilidade_E1.pdf)

### **Audit Committee**

The Audit Committee was set up in 2019 by the Board of Directors with the aim of assisting the Board in overseeing and monitoring internal auditing activities within the Group.

It comprises three non-executive directors, one of whom is the Chair of the Board of Directors, Paula Amorim, as Chair, together with Luís Todo Bom (independent) and Jorge Seabra.

The Committee's internal regulations are available at <https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento Comissao Auditoria 052019 EN.pdf>

### **Risk Management Committee**

The mission of the Risk Management Committee, set up by the Board of Directors on 12 April 2019, is to support and monitor the development and implementation of Galp's risk management strategy and policy and to provide assistance to the Board of Directors in this respect.

It comprises three non-executive members of the Board of Directors of Galp. It is currently chaired by an independent director, Luís Todo Bom. The other two positions are occupied by Miguel Athayde Marques (Lead Independent Director) and Rui Paulo Gonçalves.

The regulations of the Risk Management Committee are available at [https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Gestao%20de%20Risco\\_E1.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Gestao%20de%20Risco_E1.pdf)

### **Other committees**

The Company has also set up specialised committees to address the remuneration and performance appraisal of the corporate bodies and ethics and conduct.

### **Remuneration Committee**

The Remuneration Committee comprises three shareholders elected by the General Meeting, as identified in section 67 below and is responsible for setting the amount of remuneration owed to the members of Galp's corporate bodies and for conducting the annual performance appraisal of the executive members of Galp's Board of Directors.

The Committee's Regulations are available at [https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Regulamento%20Comissao%20de%20Remuneracoes\\_EN\\_2019.PDF](https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Regulamento%20Comissao%20de%20Remuneracoes_EN_2019.PDF)

### **Ethics and Conduct Committee**

The Ethics and Conduct Committee is appointed by the Audit Board. It comprises three members of proven expertise in ethics and compliance,

auditing and human resources. The Chair is proposed by the Chair of the Board of Directors, one member is the person in charge of internal auditing and the other is proposed by the Executive Committee.

The current members of this Committee are Adolfo Mesquita Nunes (Chair), independent non-executive director, Laura Santos, Head of Internal Audit, and Nuno Moraes Bastos, Company Secretary.

The Committee's Regulations are available at <https://www.galp.com/corp/Portals/0/Recursos/Governance2019/Comiss%C3%B5es/comiss%C3%A3o%20de%20C3%A9tica%20e%20conduta/Regulations-Ethics%20Conduct%20Committee.pdf>

## 28. Composition of the Executive Committee and/or details of the CEO, where applicable.

Galp's Executive Committee currently comprises the following five directors:

CEO
Andy Brown
Members
Filipe Silva (CFO)
Thore Kristiansen (COO)
Teresa Abecasis (COO)
Georgios Papadimitriou (COO)

Note: Andy Brown has been in office since 5 February 2021, elected by co-optation; Teresa Abecasis replaced Susana Quintana-Plaza as executive director on 23 July 2021; José Carlos Silva and Sofia Tenreiro terminated their office by resignation effective on 31 August 2021; Georgios Papadimitriou was co-opted in 1 December 2021, effective on 1 January 2022; Carlos Costa Pina terminated his office by resignation effective on 5 January 2022.

## 29. Description of the powers of each of the committees and a summary of the activities carried on in the exercise of these powers.

### Executive Committee

#### Powers

The Executive Committee is the Corporate body responsible for the day-to-day management of Galp in line with the strategic guidelines defined by the Board of Directors and under the powers delegated to it by the Board, pursuant to Articles 17 and 18 of the By-laws and Article 407(3) and (4) of the CSC.

The delegation of powers to the Executive Committee, approved by the Board of Directors at the meeting held on 12 April 2019, does not include the power to pass resolutions on the following matters:

- a) approval of the strategic investments of the Company and of the companies directly or indirectly controlled by the Company, and approval of the relevant funding;
- b) approval of the strategic divestments of the Company and of the companies directly or indirectly controlled by the Company;
- c) holdings, particularly through the direct or indirect acquisition of stakes in companies, that are not engaged in the core operational activities carried on by the companies directly or indirectly controlled by the Company (i.e. oil and gas exploration, production, refining, transportation, marketing and distribution of oil and gas, renewable energies, hydrogen and battery value chains);



- d) establishment of strategic partnerships within the context of the core operating activities carried on by the companies controlled by the Company;
- e) approval and modification of the strategic plans of the Company and of the companies controlled by the Company which carry on the core activities of the Galp Group;
- f) approval of the Galp Group's annual budget and business plans and of any changes exceeding 20% of the value of the relevant budget item or 10% of the total annual budget;
- g) conducting transactions of the Company or of the companies controlled by the Company with related parties or with any of the Company's shareholders which, individually or in conjunction, amount to over €20 million;
- h) selection of the Chief Executive Officer;
- i) co-opting directors;
- j) requests to convene a General Meeting of the Company;
- k) approval of the annual management report and accounts;
- l) provision of performance bonds and personal or real guarantees by the Company;
- m) approval of the risk management policy and of the internal control system;
- n) change of address of the registered office and share capital increases;
- o) approval of merger plans, de-merger plans and plans involving the transformation of the Company;
- p) approval of demerger plans, mergers plans and winding-up plans for any companies controlled by the Company,
- q) defining and organising the corporate structure of the Galp Group;
- r) making proposals and exercising voting rights in the election of the boards of directors of companies controlled by the Company;
- s) issuing of bonds or other debt instruments, by the Company or by companies controlled by the Company;
- t) signing of peer agreements or subordinated group agreements by any company controlled by the Company.

Without prejudice to the above-mentioned limits on the delegation of powers, the Executive Committee has a special duty to take the incentive and make proposals to the Board of Directors in respect of the acts and matters referred to above.

#### **Specific areas of operation**

At the meeting of the Board of Directors held on 12 April 2019, the Chair of the Executive Committee assigned to the Executive Committee members their functions regarding the business dealings and activities of the Company and the Group companies, under the terms set out in its Regulations, as stated below.

Subsequently, due to the alteration of the composition of the Executive Committee, it was deemed necessary to carry out a new allocation of functions regarding the business dealings and activities of the Company and the Group

companies, which is available on Galp's website at <https://www.galp.com/corp/en/corporate-governance/governing-model-and-bodies/executive-committee>.

For the day-to-day management issues, in 2021 the Executive Committee has delegated the powers to Executive Committee members for the approval of certain matters within their specific areas of activity.

### Executive Committee functional allocation

	Andy Brown CEO	Filipe Silva CFO	Georgios Papadimitriou COO Renewables & New Businesses	Teresa Abecasis COO Commercial	Thore Kristiansen COO Productions & Operations
Business Units/ Projects	Energy Management Matosinhos Future Hub		Renewables New Businesses Battery Value Chain Belem Bioenergia Brasil	Commercial	Production & Operations
Corporate Centre	Strategy & Sustainability Communications & Corporate Social Responsibility Safety	Finance & M&A Accounting & Tax Planning & Performance Investor Relations	Innovation	Facilities Management & Real Estate	
	Corporate Secretary, Compliance & DPO External Relations & Regulation	IT & Digital Transformation Office Data Office			
	People, Organisation & Health Legal	Procurement & Contracting Risk Management & Internal Control Internal Audit*			

\*Reports functionally to Audit Board and hierarchically to Audit Committee

## Oversight and monitoring

A range of mechanisms has been adopted to ensure efficient and effective monitoring and control of the Executive Committee's activities by the non-executive members and to facilitate the exercise of the right to information.

In fact, in accordance with the Board of Directors' Regulations, the Chair of the Executive Committee regularly informs the Chair of the Board of Directors about the agenda of the Executive Committee meetings, the resolutions passed at its meetings and any other matters deemed relevant for the proper use of the powers and responsibilities of the Board of Directors.

The Chair of the Board of Directors and any two other non-executive directors may ask the Chair of the Executive Committee directly for information about the business of the Executive Committee.

The convening notices and the minutes of the meetings of the Executive Committee are sent by the Company's Secretary to the Chair of the Board of Directors, to the member of the Board of Directors specially authorised to attend the Executive Committee's meetings, when applicable, and to the Chair of the Audit Board.

## Meetings

As permitted by its Regulations and resolved by the Executive Committee, this body meets every two weeks. In 2021, it met 37 times. Minutes were drawn up of all the meetings. The attendance at the meetings in 2021 was 99.6% (with one delegation in one meeting by Filipe Silva).

The main activities carried on by the Executive Committee in 2021 within the scope of its responsibilities included, among others:

- a) approval of the operations to be carried out by the Galp Group's business units and companies;
- b) assessment of monthly results;
- c) approval of proposals for submission to the Board of Directors on matters pertaining to its exclusive powers;
- d) approval of significant transactions;
- e) assessment of information from the specialist committees, particularly in the areas of risk management, sustainability and EQS.

## Sustainability Committee

The main responsibilities of the Sustainability Committee are:

- a) to propose to the Board of Directors sustainability commitments, objectives and targets that are in line with good industry practices, identifying the resources necessary for their implementation and monitoring their fulfilment;
- b) to analyse Galp's sustainability context, in particular, energy transition, social responsibility, human rights, safety, and environment, as a basis for the strategy and development of operations in the different areas around the world;
- c) to monitor and report to the Board of Directors the performance indicators for the economic, social and environmental aspects, including those related to energy transition and social responsibility, in line with the established policies, commitments, objectives and targets;

- d) to monitor the alignment of Galp's strategic plan in implementing sustainability commitments and generating sustainable value;
- e) to issue appropriate opinions and recommendations.

In 2021, the Sustainability Committee met four times and minutes of these meetings were drawn up regarding the following matters:

- a) analysis of the regulatory context and main ESG trends related to EU Taxonomy, Fit for 55, TCFD, COP 26, among others;
- b) analysis of Galp's sustainability context and ESG best practices implemented by the peers, for each of the dimensions of the ESG space;
- c) analysis of Galp's sustainability performance, including the analysis of the results obtained in the Dow Jones Sustainability Indexes in the economic, environmental and social dimensions;
- d) development of an energy transition plan, to help investors and wider society gain a better understanding of how Galp is addressing the risks and opportunities of the energy transition in line with the global drive to combat climate change;
- e) analysis and discussion of Galp's new climate ambitions and decarbonisation performance;
- f) overview of the physical climate and transition risks assessment process;
- g) discussion of the most relevant COP 26 outcomes and their impact on Galp's activities;

- h) overview of the sustainability roadmap for 2022, aligned with best practices and benchmarking with peers and reference performers;
- i) context and organisational response level analysis on the disclosure of non-financial information, focusing on the legislation and regulation that defines the forthcoming binding duties and reporting criteria, as well as the information on reporting frameworks to be used voluntarily, with the goal to improve consistency, comparability and reliability on ESG reporting.

At the Board of Directors' meeting of 17 December 2021, the Chair of the Sustainability Committee reported on the work done by the Committee during 2021.

#### **Audit Committee**

The activity of the Galp Audit Committee covers all the organisational units of the Galp Group and companies whose management is controlled by Galp and all the geographical areas where the Group operates. It has the following remit:

- a) to monitor internal auditing activities;
- b) to assess the functioning of the Galp Group internal auditing system;
- c) to supervise the annual internal auditing plan and periodic reporting on the relevant activities;
- d) to assess the results and conclusions of the internal auditing activities;
- e) to appoint and remove the head of internal audit;
- f) to issue the opinions and recommendations it deems appropriate.

The Audit Committee held seven meetings in 2021 and detailed minutes of all the meetings were prepared. The Audit Committee supervised the execution of the annual internal audit activity plan, as well as the periodic reporting of the activity carried out by the Internal Audit, including the implementation of internal audit recommendations.

At the Board of Directors' meeting of 18 February 2022, the member of the Audit Committee, Luís Todo Bom, provided information about the work done by the Committee in 2021.

### Risk Management Committee

The Risk Management Committee's purpose is to advise the Board of Directors on the follow-up and monitoring of risk management activities at Galp Group, its main responsibilities being:

- a) to monitor compliance with Galp's Risk Management Policy;
- b) to monitor Galp's main risks, the level of risk exposure and its potential evolution;
- c) to monitor the effectiveness of mitigation plans for Galp's main risks;
- d) to assess the functioning of Galp Group's internal control and risk management system;
- e) to issue the opinions and recommendations that it deems appropriate.

The Committee met six times in 2021 and minutes of the meetings were drawn up. The most relevant topics from the Galp Group risk perspective were addressed, namely:

- a) *Value-at-Risk (V@R) of the BP 2022-2026 and the Risk Appetite Statement* – the committee analysed the BP 2022-2026 Risk Profile and the Risk Appetite Statement for the strategic objectives inherent in BP, including a Carbon Intensity Assessment and sensitivity analysis. Risk recommendations were issued, namely the implementation of the Climate Risk Management Framework;
- b) *Hedging strategy* – the committee monitored the Brent and refining margin hedging strategy approved by the Board;
- c) *Cyber Resilience Roadmap* – followed the Cybersecurity Roadmap 2020-2022, including the development of critical initiatives, and analysed the impact of several internal and external cybersecurity incidents;
- d) *Galp Risk Models* - analysed and agreed with the recommendations proposed by the consultant Roland Berger regarding Risk Models for evaluation of large investment projects;
- e) *Galp Strategy 2021-2030* – evaluated the preliminary version of the risk analysis of Galp's 2021-30 strategy performed by the Risk Management & Internal Control Department;
- f) *Top Risks* – monitored the quarterly evolution of Top Risks, the respective Expected Impact, KRIs and mitigation actions identified by the organisational units;
- g) *Credit Risk* – the committee reviewed the analysis performed on the impact on Galp's credit risk resulting from the end of the moratoriums granted by the Portuguese Government;
- h) *Operational Risk* – monitored the recommendations of the reinsurers' surveys and analysed the assessment performed on the Sines refinery accident;

- i) *Main Investments projects* - monitored the main business units' investment projects.

The Chair of the Risk Management Committee presented the Committee's 2021 Activities Report to the Board of Directors at its meeting of 18 of February 2022.

### **Ethics and Conduct Committee**

The Ethics and Conduct Committee is the independent and impartial internal forum, defined in its regulations as being responsible for:

- a) overseeing the application of the Code of Ethics and Conduct;
- b) overseeing and clarifying queries about the application of the Code of Ethics and Conduct and, in certain unusual and justified cases, to validate exceptions to the Code;
- c) receiving and processing any information received under the Reporting of Irregularities Internal Standard ("Open Talk" Ethics Helpline) in place at Galp regarding alleged breaches to the Code of Ethics and Conduct;
- d) fostering employee training in ethics and conduct.

The Audit Board is the governing body responsible for overseeing the proper operation and application of the Code of Ethics and Conduct through the frequent and regular reporting of the Ethics and Conduct Committee.

In 2021, the Ethics and Conduct Committee held eleven meetings, detailed minutes of the meetings have been prepared. These meetings dealt in particular with:

- monitoring of the training programme on Ethics and Compliance;
- follow up of the communication plan, which has as main objective to reinforce i) the importance of compliance and respect for Galp's Code of Ethics and Conduct, ii) the existence and functions of the Ethics and Conduct Committee and iii) the communication on the existence of an Ethics helpline available to seek advice or report any breaches of the Code of Ethics and Conduct ([opentalk@galp.com](mailto:opentalk@galp.com));
- evaluation of the impacts arising from the transposition of Directive (EU) 2019/1937 to the national law regarding whistleblower protection, namely the identification of potential gaps in the internal regulations and procedures implemented at Galp as well as the action plan to mitigate those gaps;
- reflection on the importance of reviewing the internal standard related to discrimination and harassment ('Policy on Prevention of Discrimination and Harassment');
- follow up on alleged breaches of the Code of Ethics and Conduct reported to the Ethics and Conducts Committee.

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, of which 20 were related to moral harassment in the workplace, 1 to discrimination in a service station, 1 to a potential conflict of interests, 1 to the legal framework applicable, 1 to alleged anti-trust practices and 1 to misappropriation of assets. 4 out of the 25 communications received led to the adoption of disciplinary measures by the Company, 10 were archived due to the lack of evidence of the facts described, 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 4 were in progress at the reporting date.

In 2021, the Ethics and Conduct Committee took part in four meetings of the Audit Board, providing a full report to this body.

Each semester, the Ethics and Conduct Committee sends a report to the Audit Board on the communications received, the procedures adopted and the proposed actions or measures, as well as an assessment of the implementation and performance of the Code of Ethics and Conduct.

### III. Monitoring

(Audit Board, Audit Committee or General and Supervisory Board)

#### a) Composition

#### 30. Details of the adopted supervisory body model.

In line with the adopted governance model, the Audit Board is the corporate body in charge of supervising the management of the Company.

Galp's supervision, as a public company, as regards the certification of the Company's accounts, also includes a Statutory Auditor with the functions provided for in article 446 of the CSC, and who cannot be a member of the Audit Board, under the terms of article 413, no. 1, paragraph b) of the CSC.

#### 31. Composition of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, stating the minimum and the maximum number of members, the term of office, the number of sitting members, the date of the first appointment and the end date of each member's term of office. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 17.

The Audit Board consists of three permanent members and one alternate member elected for four-year term by the General Meeting, which also elects its Chair, together with the members of the remaining corporate bodies.

The following table lists the members of the Audit Board who were elected at the General Meeting on 12 April 2019 for the 2019–2022 term. This information is available on Galp's website.

Name	Position	Date of the first appointment	Term end date
José Pereira Alves	Chair	12 April 2019	31 December 2022
Maria de Fátima Geada	Member	12 April 2019	31 December 2022
Pedro Antunes de Almeida	Member	23 November 2012	31 December 2022
Amável Calhau	Alternate	05 October 2006	31 December 2022

Given the Company's governance model and the support provided by several corporate departments to the Audit Board, in particular, the Risk Management & Internal Control, and the Internal Audit Departments, which permanently ensure the identification, management, monitoring and mitigation of the risks to which Galp is subject, and taking into account these risks, Galp considers

that the number of members of its Audit Board, which is the standard number adopted by most comparable Portuguese companies, is appropriate for the size and complexity of the Company and sufficient for it to perform its duties efficiently. In addition, should any temporary circumstance determine the inadequacy of the number of members of the Audit Board for the efficient performance of their duties, the members of the Audit Board may hire the services of experts to assist them, so as to overcome the said temporary adversity.

**32. Details of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, who are considered to be independent, pursuant to Article 414(5) of the CSC. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 18.**

Under Article 414(5) of the CSC, members of the Audit Board are considered independent if they are not associated with any specific interest group in the Company and are not in any situation that might affect their unbiased analysis or decision-making owing to:

- a) being the holder or acting on behalf of a holder of qualifying shareholdings greater than or equal to 2% of the Company's share capital;
- b) having been re-elected for more than two terms, consecutive or otherwise.

All the current members of the Audit Board are independent under the mentioned criteria.

**33. Professional qualifications of each of the members of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, and any other relevant work information, reference may be made to the section of the report where this information is already included, by virtue of paragraph 21.**

The members of the Audit Board have the appropriate professional skills and qualifications for their positions.

Each member's professional profile is presented in the appendix to this report.

b) Functioning

**34. Where to find the operating regulations of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 22.**

The operating rules and powers of the Audit Board are defined in its Regulations, which were approved on 2 April 2019 and are available on Galp's website at [https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/regulamento\\_fiscal\\_maio\\_2019\\_EN.PDF](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/regulamento_fiscal_maio_2019_EN.PDF)



**35. Number of meetings that have been held and attendance report for each member of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable. The reader may be referred to the section of the report where this information is already included, by virtue of paragraph 23.**

Under Article 10(2) of its Regulations, the Audit Board meets at least once every quarter and whenever the Chair convenes it, at his own initiative or at the request of the Chair of the Board of Directors, the Chief Executive Officer or the Statutory Auditor.

In 2021, the Audit Board held twelve meetings. The attendance of the members of the Audit Board at the meetings held in 2021 was 100%. Minutes were drawn up of all the meetings.

**36. Availability of each member of the Audit Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee, where applicable, indicating any positions held simultaneously at other companies within and outside the Galp Group and any other relevant activities carried on by the members of these bodies throughout the financial year, reference may be made to the section of the report where this information is already included, by virtue of paragraph 26.**

In general, the members of the Audit Board have a high level of availability for the performance of their duties.

Appendix to this report shows the positions held by the members of the Audit Board at other companies in 2021.

c) Powers and duties

**37. Description of the procedures and criteria applicable to the supervisory body for the purpose of hiring additional services from the External Auditor.**

In accordance with the legal framework for audit supervision, as approved by Law No. 148/2015, of 9 September, which transposed Directive 2014/56/EU of the European Parliament and of the Council, of 16 April 2014, the procurement of additional services by Galp or by any of its subsidiaries or Group companies from the External Auditor or from any entity in which the latter has a stake or which is part of the same network, requires the prior reasoned authorisation of

the Audit Board, in accordance with the internal procedures approved by the Audit Board and set down in an internal standard.

This internal standard also establishes the non-audit services that cannot be provided by the External Auditor (prohibited services).

The Audit Board analyses the External Auditor and Statutory Auditor's compliance with independence requirements, the possibility of any services being provided by the External Auditor and Statutory Auditor and their compliance with the legal cap on fees, under the criteria, the selection process, the communication methodology and the inspection procedures in place to ensure the independence of the External Auditor and the Statutory Auditor.

The additional services provided by the External Auditor and Statutory Auditor in 2021 are described in Sections 46 and 47 of this report.

### **38. Other duties of the supervisory bodies and, where applicable, the Financial Affairs Committee.**

Under the relevant legal framework, the By-laws and the Audit Board Regulations, this corporate body is responsible for monitoring the Company's activities and supervising the respective management, namely the processes of preparing and disclosing financial information. It has the power to put forward recommendations or proposals to ensure integrity and compliance with the law and its By-laws.

In terms of specific monitoring competences and powers, the Audit Board:

- (i) monitors the operation of the corporate governance system adopted by Galp and its compliance with the law and with its By-laws, as well as any

legislative and regulatory developments in the area of corporate governance, particularly recommendations and regulations;

- (ii) receives notices of irregularities through the Ethics and Conduct Committee;
- (iii) monitors, assesses and considers, within the powers conferred on the Audit Board, the strategic lines and risk policy established by the Board of Directors;
- (iv) supervises the management of the Company and, in particular, compliance with its strategic plan and budget, risk management, the internal functioning of the Board of Directors and its committees, and the relationship between the Company's bodies and their committees;
- (v) issues an opinion on the work plans and resources allocated to internal control services, including compliance services and internal auditing.

Regarding the Audit Board's powers to oversee the audit of the Company's accounts, we note that under the terms of article 8 of the Audit Board Regulations, specifically, the Audit Board shall verify the accuracy of the accounts and the accounting principles and valuation criteria adopted by the Company for the correct determination of its assets and results. In addition to other powers provided for by law and the Regulations, the Audit Board also issues an opinion on the annual report and the accounts.

As regards, in particular, the corporate governance system (paragraph (i) above), the Audit Board is very active in the performance of its duties.

Specifically, during 2021, the Audit Board monitored the functioning of the corporate governance system and its compliance with legal rules, regulations and by-laws, as well as legislative and regulatory developments in the area of

corporate governance, having been present at all Board of Directors meetings in 2021.

Regarding risk management, the Audit Board is responsible for verifying the effectiveness of the risk management, internal control and internal audit systems, including all aspects related to the process of preparing and disclosing financial information and proposing any necessary amendments. Additionally, the Audit Board is also responsible for supervising the adoption by the Company of the principles and policies for identifying the main financial and operational risks involved in the Company's activity, in addition to the duties of supervising the actions aimed at controlling, monitoring and disclosing these risks.

In accordance with Audit Board regulations, the assessment and opinion on Galp's strategic guidelines and risk management policy is carried out by the Audit Board before its final approval by the Board of Directors. In 2021 this assessment was carried out at the 13 December meeting.

In addition to other powers conferred by the law and the Regulations of the Audit Board, in its relations with other corporate bodies, the Audit Board has the power to:

- (i) select and propose the Statutory Auditor to the General Meeting and propose his remuneration;
- (ii) verify and monitor the Auditor/Statutory Auditor's independence and verify the appropriateness and approval of any non-audit services;
- (iii) hold regular meetings with the Auditor/Statutory Auditor and appraise its work each year. It is the main intermediary with the Auditor/Statutory Auditor and is the body which receives its reports;

- (iv) propose the dismissal or termination of the service agreement with the Statutory Auditor to the General Meeting whenever there is just cause.

Under the Audit Board Regulations, it is also responsible for ensuring that suitable conditions are established within the Company for the provision of the Statutory Auditor's services.

Each year, the Audit Board prepares a report on its supervisory activities.

The members of the Audit Board have access to the information that is strictly necessary for the performance of their duties and, in compliance with the applicable legal limits, particularly through access to documents or the provision of information or clarification from employees of the Company, for appraising the performance, status and prospects of the Company and its development – including, in particular, the minutes, the supporting documents for decisions that have been made, the convening notices and the archives of the meetings of the Executive Committee and Board of Directors. It may also have access to any other documents or persons from whom clarification may be requested.

It can also engage experts who can assist its members in their assigned roles.

Under the Audit Board Regulations, its members shall promptly inform its Chair of any facts that may constitute or give rise to a conflict between their own interests and the Company's interests.

In addition, on 26 October 2018, the Company approved an internal regulation which is applicable to the members of the Audit Board, among others, which establishes that any members in a conflict of interest must refrain from discussing, voting, making decisions, giving opinions, taking part in or exerting any influence over any decision-making process directly related to the conflict of interest, except to provide any necessary information or clarification.

## IV. Statutory Auditor

### 39. Details of the Statutory Auditor and the Partner who represents it.

The General Meeting of 12 April 2019, at the recommendation of the Audit Board, elected the following for the four-year term 2019-2022:

Ernst & Young Audit & Associados, SROC, S.A., registered with the Institute of Statutory Auditors under No. 178 and registered with the CMVM under No. 20161480, represented by Rui Abel Serra Martins, Statutory Auditor No. 1119, for the position of Statutory Auditor, and Manuel Ladeiro de Carvalho Coelho da Mota, Statutory Auditor No. 1410, for the position of Alternate Statutory Auditor.

### 40. Indication of the number of years that the Statutory Auditor has consecutively carried out duties with the Company.

Galp's Statutory Auditor has held the position since 12 April 2019.

### 41. Description of other services provided to the Company by the Statutory Auditor.

The other services provided to the Company by the Statutory Auditor are described in Sections 46 and 47 of this report.

## V. External Auditor

### 42. Details of the External Auditor appointed under Article 8 of the Portuguese Securities Code and of the Partner who represents the External Auditor in carrying out these duties and their CMVM registration numbers.

Galp Group's External Auditor as of 31 December 2021 was Ernst & Young Audit & Associados, SROC, S.A., registered at the CMVM under No. 20161480, represented by the firm's partner Rui Abel Serra Martins, Statutory Auditor No. 1119.

### 43. Number of consecutive years that the External Auditor and the Partner who represents the firm has carried out these duties at the Company and/or at the Group.

The current External Auditor and the partner who represents the firm began their work at Galp on 1 January 2019.

### 44. Rotation policy and intervals for the External Auditor and the Partner who represents the firm in carrying out such duties.

The External Auditor rotation policy provides for the selection of the External Auditor and the partner of the Statutory Auditing Firm in question by the Audit Board at the limit up to the maximum period provided for by law through a

prior consultation process with the main internationally renowned auditing firms.

As established in the Audit Board Regulations, Galp's Statutory Auditor should be selected on the basis of a commercial assessment (overall price of the proposals) and a technical appraisal based on the following criteria:

- a) knowledge of the Galp Group's business;
- b) experience as an auditor/statutory auditor in companies listed in national and international markets;
- c) methodological approach to the audit process of the accounts applicable to Galp;
- d) job planning/assignment of personnel/communication with Galp (Audit Board, Accounting and Internal Audit);
- e) curriculum vitae of those in charge and of the audit team assigned directly to the work (experience in the Galp Group's business dealings).

Taking into account the above-mentioned rotation policy and the legislation in force, the Audit Board appointed a new External Auditor and selected a new Statutory Auditor, after a tender process held in accordance with the statutory rules and internal procedures, who was elected at the 2019 Annual General Meeting.

#### **45. Details of the body responsible for appraising the External Auditor and the frequency of such appraisals.**

The Audit Board, which is the primary contact point of the External Auditor with the Company, appraises the suitability and independence of the External Auditor each year, conducting a critical appraisal of its reports and any other relevant documentation and information. Each year in its annual business report, the Audit Board presents its appraisal of the External Auditor.

The specific role of the Statutory Auditor in the legal audit and examination of accounts includes checking that the remuneration which has been paid to the members of the corporate bodies is in line with the remuneration policy and the Remuneration Committee's resolutions on such matters.

With regard to internal control mechanisms, the Statutory Auditor/External Auditor checks its operations and efficiency on an annual basis and reports any shortcomings and any suggested improvements for internal procedures both to the Audit Board and to the Executive Committee.

#### **46. Details of non-auditing services carried out by the External Auditor for the Company and/or companies in a control relationship with it, together with a statement regarding the internal procedures for approving the engagement of such services and a statement on the reasons for the engagement.**

In 2021, the External Auditor and the entities belonging to the same network provided the Company and the companies with which it has a control relationship the following non-audit services:

- limited review of the Consolidated Financial Statements as of March, June and September 2021;
- limited review of the accounts of a Galp Group company required under a concession contract;
- review of the physical quantities, underground occupancy rates and accounts of the Group's natural gas companies for regulatory purposes;
- verification of the replacement cost calculation;
- review of financial ratios;
- Galp Energia España, S.A.U's reports, for regulatory purposes;
- verification of the conformity of the financial information reported in the so-called "Country-by-Country Report" with the audited financial statements;
- validation of the manpower rate applicable to the provision of services;
- validation of values reported to eSPap;
- review of the financial situation of Petrofátima service station.
- validation of Galp Energia España, S.A.U's "annual statement package", as required by Ecoembes;
- validation of Galp Energia España, S.A.U's annual statement of stocks, purchases and sales of petroleum products and LPG, as required by the "Corporación de Reservas Estratégicas de Productos Petrolíferos";
- validating Galp Energia España, S.A.U's "annual statement of purchases, sales and production of biofuels, and other renewable fuels for transportation purposes", as required by the "Corporación de Reservas Estratégicas de Productos Petrolíferos";
- Reliability Guarantees on Seconded Expenditure.

When engaging services from the External Auditor and Statutory Auditor, sufficient internal procedures are followed to safeguard the independence of the External Auditor and the Statutory Auditor established in internal standard, which defines, in accordance with the applicable law, the non-audit services that cannot be provided by the Auditor/Statutory Auditor.

The service proposals submitted by the External Auditor and Statutory Auditor are analysed and assessed and, where possible, compared by means of market consultation processes. These are subsequently sent to the Audit Board for approval, as described in Section 37 of this report.

In addition to the non-audit services mentioned above, the External Auditor/ Statutory Auditor provided the following services in 2021, as required by law:

- validation of the natural gas acquisition costs for Galp Gás Natural, S.A., and other costs, as required by the Energy Services Regulatory Authority;
- validation of Galp Gás Natural, S.A. clearing criteria and natural gas sales prices for wholesale suppliers of last resort;

**47. Details of the annual remuneration paid by the Company and/or legal persons in control or group relationship with the Auditor and other natural or legal persons belonging to the same network, together with a percentage breakdown of the following services: (For the purposes of this information, the concept of network is that of European Commission Recommendation No. C (2002) 1873, of 16 May):**

In 2021, the remuneration that was paid to the External Auditor and to other natural or legal persons belonging to the same network was as shown in the next table:

<b>By the company</b>		
Account review services	€27,500	2.8%
Reliability guarantee services	€83,250	8.5%
Tax advisory services	€0	0%
Non-account review services	€0	0%
<b>By members of the Group</b>		
Account review services	€759,745	77.7%
Reliability guarantee services*	€107,400	11.0%
Tax advisory services	€0	0%
Non-account review services	€0	0%

Considering that the mandate of the External Auditor began in 2019, the 70% limit established by Article 4(2) of EU Regulation No. 537/2014 (European Audit Regulation) is not applicable. In any case, it should be noted that in 2021 the non-audit services represented 27.4% of the average fees paid to the External Auditor in 2020 and 2019 for the financial audit services provided to Galp and entities under Galp's control in the same period.

## C. Internal organisation

### I. By-laws

**48. Rules governing the amendment of the By-laws (Article 29-H(1)(h)).**

Resolutions of the General Meeting on any amendments to the By-laws must be approved by a qualified majority of two-thirds of the votes cast (Article 12(4)(b) of the By-laws).

### II. Communication of irregularities

**49. Means and policies for communicating irregularities occurring within the Company.**

Galp has several mechanisms for detecting and preventing irregularities, which are regulated by its Internal Control Manual as well as by its Code of Ethics and Conduct, anti-corruption policy and related regulation, policies on the prevention of money laundering and terrorist financing and prevention of and reaction to harassment, and the internal procedure for verifying the integrity of third parties, which are published on Galp's website at <https://www.galp.com/corp/en/corporate-governance/documentation>

Galp has a helpline available to report irregularities ('Opentalk'), namely breaches to the Code of Ethics and Conduct and non-compliance with these or other standards. This helpline is managed by the Ethics and Conduct Committee, is confidential and can be anonymous.

The standard regarding the Reporting of Irregularities enables any party related to Galp – including employees, members of the corporate bodies, shareholders, investors, customers, suppliers and business partners – to report to the Ethics and Conduct Committee any knowledge or reasonable suspicion of irregularities, including, specifically within the scope of the above-mentioned mechanisms, breaches of the Code of Ethics and Conduct or of any standards that refer to it or which address the topics referred to therein.

The security of information received about irregularities and related records is ensured by Galp's internal rules, in accordance with the relevant legislation on data protection and information security.

Personal data under the standard regarding Reporting of Irregularities are processed only in accordance with Article 19.º of Law no. 93/2021 of 20<sup>th</sup> December, the General Data Protection Regulation, Law no. 58/2019 of 8<sup>th</sup> August and guidelines issued by the Data Protection Authority – Comissão Nacional de Proteção de Dados.

For confidentiality purposes, access to these reporting processes is only granted to the Audit Board, the Ethics and Conduct Committee members and, on a strictly need-to-know basis, the Executive Committee members and the employees or external consultants specifically appointed to support the work of the Ethics and Conduct Committee.

The procedures and policies mentioned above apply to Galp and to all the companies in which Galp directly or indirectly exercises management control, in all the countries where the Galp Group operates.

Irregularities must be reported to the Ethics and Conduct Committee following the means available, as published on Galp's website <https://www.galp.com/corp/pt/governo-societario/etica-e-conduta/comunicacao-de-irregularidades>.

### III. Internal control and risk management

#### 50. Individuals, boards or committees responsible for internal auditing and/or the implementation of internal control systems.

Galp's internal control system is based on the guidelines set out by the Committee of Sponsoring Organisations of the Treadway Commission (CoSo) and it has adopted the five components of this model:

1. Control environment;
2. Risk assessment;
3. Control activities;
4. Information and communication;
5. Monitoring activities.

The Internal Control Manual establishes the general principles and requirements of the internal control components, as well as the organisational model in place that shows the integrated and transversal management of internal control within the Galp Group. This is defined as the set of processes carried out by the corporate bodies, specialised committees, internal auditors and Galp's employees, aiming to reasonably assure Galp's achievement of its operations, reporting and compliance objectives.

The Internal Audit Department regularly informs and alerts the Audit Committee and the Audit Board, at its regular meetings, about all relevant



facts, identifying internal control improvement opportunities and promoting their implementation.

The Internal Audit Department reports hierarchically to the Audit Committee, functionally to the Audit Board and administratively to the Executive Committee, following the reporting lines recommended by the Institute of Internal Auditors (IIA). The Internal Audit Department defines an annual Audit Plan, including an assessment of the risk management system based on Galp's strategic priorities and on the results of the risk assessment of the processes in the various business units. The annual Audit Plan is validated by the Audit Committee and approved by the Audit Board, which monitors its execution.

The Internal Audit Department is compliant with IIA international standards and is periodically subject to external compliance assessments. Additionally, in accordance with The IIA guidelines, an annual quality review and continuous improvement programme are performed.

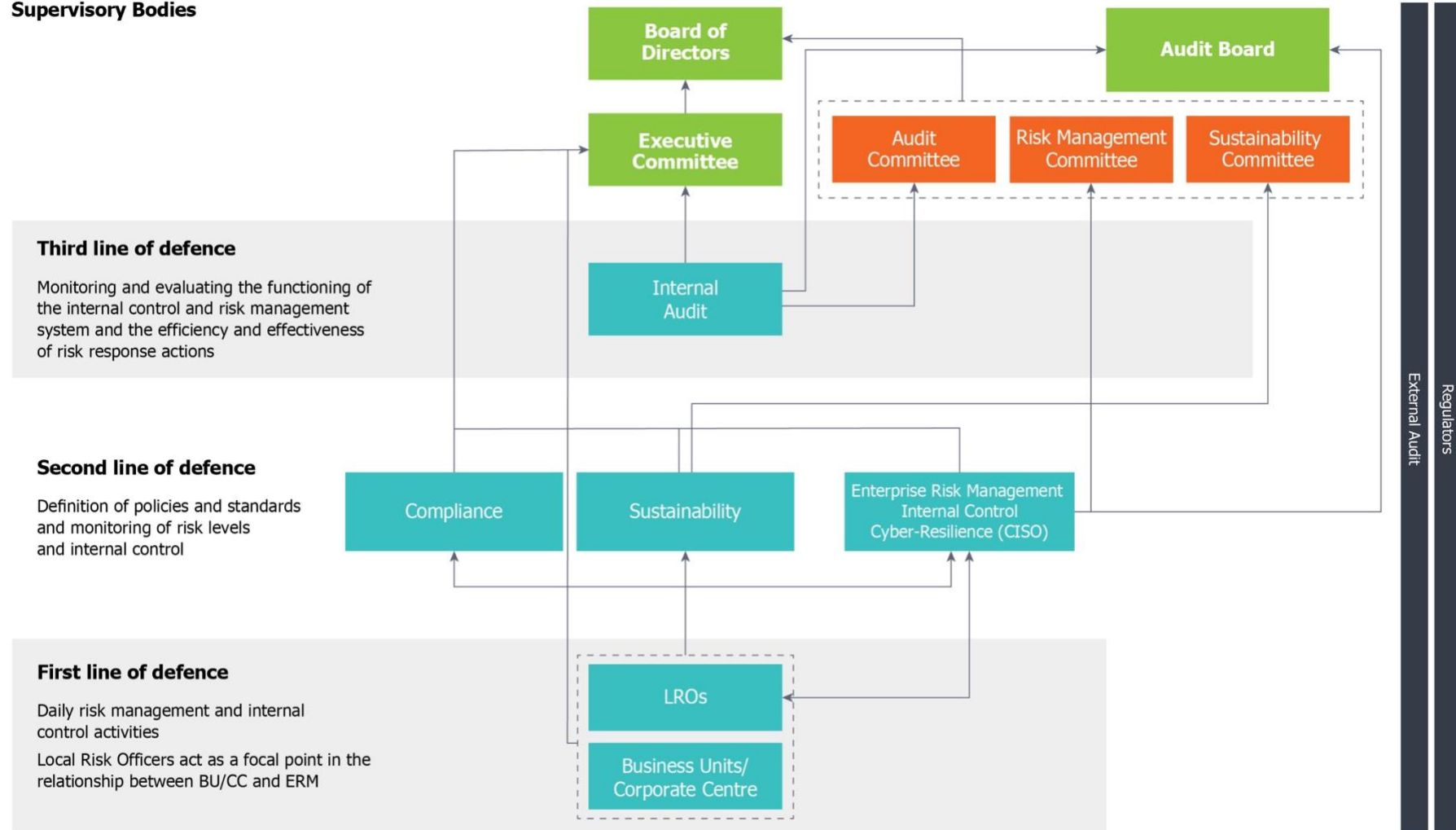
The External Auditor, Statutory Auditor, the corporate areas responsible for carrying out audits of environment, quality, safety and sustainability and for ethical and regulatory compliance and the Audit Board are also responsible for monitoring the effectiveness of the internal control system and assessing its functioning and procedures.

The implementation of internal control activities is the responsibility of the Group's business units' operational areas, corporate functions and Galp Group companies.

## **51. Details, including the organisational structure, of the hierarchical and/or functional relationships with other corporate bodies or committees.**

The organisational and governance structure for internal control and risk management is based on the three-lines-of-the defence model, as shown in the chart below.

## Supervisory Bodies



The three-lines-of-defence approach ensures that:

- the first line of defence is responsible for the daily risk management and internal control activities. Those responsible for Organisational Unit risks and processes, for control functions and the Local Risk Officers (LRO) must carry out their daily duties in line with the business strategy and the internal rules and procedures, including the Company's Risk Management Policy.
- the second line of defence is responsible for defining compliance, risk and internal control standards.
- the third line of defence oversees, monitors and evaluates the effectiveness of the risk management and internal control processes.

The Board of Directors, assisted by the specialised committees, defines the risk management strategy, approves the risk management policy, the risk appetite underlying the Strategic Plan and the Budget and Plan and supervises risk management. It monitors the activities of the Risk Management, Internal Audit and Sustainability Committees and their recommendations.

The Executive Committee ensures the alignment of risk management with the defined strategy and business objectives; promotes a risk culture and the Company's risk management commitment; establishes and ensures compliance with risk management regulations; and defines risk management reporting lines, competencies and responsibilities; validates the main risks, Key Risk Indicators (KRI) and treatment plans reported by the Risk Management & Internal Control Department.

The Chief Risk Officer (CRO), a member of the Board of Directors and the Executive Committee, ensures that the strategic action plans that support the Group in managing and minimising Organisational Units risks are in place, and

that risk management appetite and priorities are considered in decision-making; oversees and guides the risk assessment processes and respective response actions across the organisation; ensures that risk management guidelines defined by the Executive Committee are complied with and reflected in the internal risk management regulations; promotes and controls the implementation of the Risk Management & Internal Control Department, the Executive Committee, the Board of Directors and the Audit Board recommendations related to risk.

The Risk Management Committee, made-up of three non-executive members of the Board of Directors, is responsible for advising the Board on the oversight and monitoring Galp's main risks, assessing compliance with tolerance levels and the execution and effectiveness of mitigation actions; assessing Galp Group's internal control and risk management systems; issuing appropriate opinions and recommendations; and assessing compliance with Galp's risk management policy.

The Audit Committee, made up of three non-executive Board members, is responsible for advising the Board of Directors on the oversight and monitoring of internal audit activities within Galp Group, valuing the results and conclusions obtained in the internal audit activities and issuing appropriate opinions and recommendations.

The Sustainability Committee, made-up of three non-executive Board members, is responsible for supporting the Board of Directors in the integration of sustainability principles, namely energy transition, social responsibility, human rights, safety and the environment (including climate-related topics), in the management process of the Galp Group, promoting industry best practices in all its activities.

The Sustainability Committee, supported by the Risk Management Committee, is the board level committee responsible for climate-related risks.

The Audit Board is responsible for monitoring the effectiveness of the risk management, internal control and internal audit systems, as well as annually evaluating the functioning of the internal systems and procedures, thus contributing to the improvement of the internal control environment.

As part of its oversight role, the Audit Board monitors the work plans and resources assigned to the Internal Audit and the Compliance division of the Corporate Secretary, Compliance & DPO Departments and receives periodic reports from these departments, including the auditing reports and the annual Compliance Plan, as well as information on reporting issues, the identification or settlement of conflicts of interest and the detection of potential illegalities. The Audit Board meets monthly with the Head of Internal Audit and quarterly with the Head of Legal and Governance. It also meets quarterly with the Head of Risk Management & Internal Control Department to discuss the Group's most important risk management issues and receive documentation and results of Risk Management Committee meetings.

The Audit Board also assesses the annual strategic guidelines and the risk management policy established by the Board of Directors.

Although not being part of the internal organisation, the External Auditor plays an important role in the control structure, analysing the accounting systems and the internal control system to the extent necessary to issue an opinion on the financial statements and making recommendations to the stakeholders, including the Executive Committee, the Board of Directors and the Audit Board.

Like the External Auditor, the regulatory bodies are not part of the organisation but have a significant control role, defining the operating rules and establishing compliance assessment controls, namely in Galp's regulated electricity and natural gas business.

The relationship model between the governing bodies, committees and areas responsible for implementing the internal control system favours the centralised risk management in the Risk Management & Internal Control Department. This department is responsible, among others, for:

- Promoting risk management best practices to ensure a robust risk culture;
- Proposing the risk management policy, standards and procedures and respective reviews;
- Proposing annually the risk appetite statement to the Board of Directors, ensuring its consistency with the strategic guidelines reflected in the approved business plans;
- Defining risk management support tools to be used by the Organisational Units, including risk measurement models and methodologies, and respective aggregation, keeping them updated in accordance with existing regulations;
- Aggregating the Organisational Units' risks and identifying the Group's Top Risks classified in the following categories: Strategic, Financial, Operational, Legal and Governance, Information Systems and People;
- Monitoring risk at the corporate level, issuing alerts when it exceeds the limits and tolerances defined for the KRIs;
- Producing periodic information, on a quarterly basis, for the Executive Committee, the Risk Management Committee and the Audit Board, on the top risks, the evolution of KRIs and the status of the response plans;
- Supporting the Investment Committee, the Executive Committee, the Risk Management Committee and the Audit Board, in risk matters that fall

within their respective powers and within the framework of the functioning of these bodies.

The Internal Control division is responsible for promoting, coordinating and monitoring the implementation of a formal internal control system within the Galp Group, namely for the internal controls of financial reporting, as well as supervising and monitoring the mechanisms necessary for its effectiveness, and defining and promoting the annual cycle of relevant activities within the scope of the Internal Control System for Financial Reporting (SCIRF), ensuring its internal consistency and coherence, in accordance with the COSO 2013 international reference framework. The identification of financial reporting risks is carried out with the business units, with the implementation of relevant controls to mitigate these risks, from the different levels of responsibility of the organisational structure.

The Compliance division establishes ethical and compliance controls monitor the internal control system by conducting internal investigations, audits, or risk assessments on ethics and compliance issues (such as bribery and corruption, money laundering and terrorist financing, fraud, conflicts of interest, policy, economic and financial sanctions and other restrictive measures, compliance with financial and market regulations), as well as by carrying out due diligence on the same issues for relevant partners and transactions. Additionally, it provides training to Galp's employees on compliance matters and assesses the ethics and compliance performance in the various organisational units. It also develops special projects with the aim of consistently improving Galp's compliance with ethics and regulations.

Risk and processes owners are responsible for identifying and understanding the risk environment of their organisational units, for carrying out the daily management of risk and opportunities and for integrating risk information into their decision-making processes, ensuring compliance with risk management policies and procedures. They are also responsible for identifying, evaluating

and quantifying the potential value of risk exposure; the definition of KRI and the proposal of limits and tolerance thresholds for monitoring the evolution of the level of exposure to risk; and the definition of risk response measures.

Local Risk Officers (LRO) support organisational units in identifying, assessing and managing risks and opportunities, and in defining KRIs and their respective limits and tolerance thresholds. They are also responsible for ensuring an integrated vision and the identification of the organisational units' Top Risks and for monitoring the risk exposure evolution, according to the defined KRI. In addition, they prepare and report information on risk exposure in their organisational units, reporting incidents or imminent risks and ensuring that response measures are defined and implemented.

To ensure full coverage of all risk classes in Galp's Risk Taxonomy, a more robust and transversal LRO structure was updated in 2021 according to Galp's new organisational structure.

## **52. Existence of other functional areas with risk control responsibilities.**

In addition to those described above, the Strategy and Sustainability Department and the Cyber-Resilience division are also involved in risk control.

The Strategy and Sustainability Department is responsible for the corporate management of sustainability risks (including those arising from climate change,) and is competent to establish and propose assessment and monitoring methodologies. These must be implemented in conjunction with the business units, thus ensuring the definition of an action plan to mitigate or eliminate these risks.

The Board, the Executive Committee and the Sustainability Committee are informed on a quarterly basis on Galp carbon performance against targets and are updated on the decarbonisation roadmap status or any key climate change related issues via a specialized report, prepared by the Strategy and Sustainability team, with the support of the Risk Management team, when needed.

Galp recognizes the importance of a responsible leadership that integrates key climate and energy transition related challenges into its strategy. Therefore, 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.

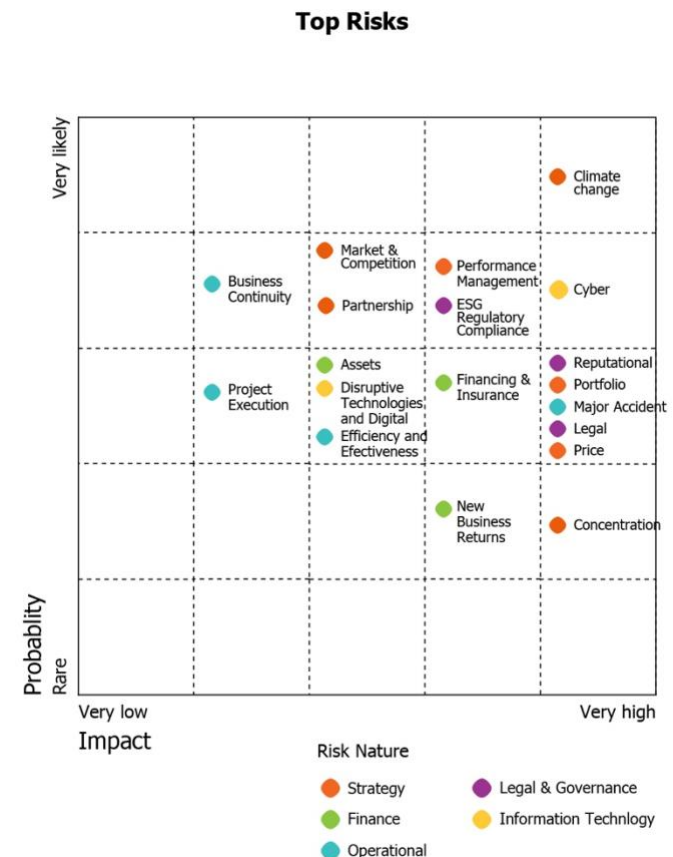
The Cyber-Resilience division is responsible for defining and monitoring, through its data security team, policies, procedures and actions related to cybersecurity, in the fields of Information Technology (IT) and Operational Technology (OT) and including the universe of relevant Galp partners and suppliers, also ensuring the immediate disclosure of alerts and promoting a high maturity level of information security, in line with best practices.

### 53. Details and description of the major economic, financial, and legal types of risks to which the Company is exposed in the pursuit of its business activity.

Galp has a Risk Taxonomy that is a dynamic support tool to support risk management, and which systematises Galp's main risks, organised into two levels: nature and category.

The assessment of risk exposure follows both a qualitative and quantitative methodology.

Qualitative analysis is based on the risk score that assesses the criticality of the risk. It is calculated by the multiplying the probability of occurrence by the impact in case of occurrence. The probability is rated on a scale of 1.5 (rare) to 5.5 (very likely), and impact on a scale of 1 (very low) to 5 (very high). The impact is assessed in eight dimensions - financial results, shareholder value, continuity of operations, environment, reputation, quality, people's health and safety, and human capital - according to the effects of risk materialisation.



The quantitative analysis is performed using the Expected Financial Impact (EFI) and allows risks to be prioritised according to their monetary impact. EFI is calculated by the financial impact of the risk (quantified in NPV or EBITDA) by probability.

The long-term nature of Galp's commercial operations means that many of the risks to which it is exposed may be considered permanent. However, the triggering factors for internal or external risks and opportunities may develop and evolve over time and may vary in probability, impact and detectability.

In addition to the main risks and opportunities inherent to Galp's activity, we have identified below the emerging risks, defined as those that (i) currently do not have a significant impact on the Company and that are highly uncertain due to the fact that their evolution is fast and non-linear or both; (ii) or 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. Appropriate mitigation measures are also identified below.

## Strategic Risks

### Climate Change | Emerging Risk

Inability to respond adequately and in a timely manner to climate change concerns could compromise Galp's long-term sustainability.

Risk factor	Mitigation measures
<p>The growing focus on climate change and the effects of the energy transition has created a risky landscape that evolves very rapidly in response to various stakeholders' actions at different levels.</p> <p>The potential impact and likelihood of the effects of climate change on Galp depend on the specific components of the risk:</p> <p>The <i>physical effects</i> of climate change may cause damage or interruption and delay of operations of Galp's physical assets, some of which are located in regions subject to such phenomena.</p> <p>The <i>change in consumer behaviour</i> will reduce O&amp;G demand and potentially affect fossil fuels prices. <i>New market trends</i> require a reshaping of the business portfolio, with an increased focus on energy with lower GHG emissions.</p> <p><i>Various environmental regulations</i>, both European and national, trigger <i>technological disruptions</i> and innovations, namely electrification and hydrogen, which may profoundly affect the Oil &amp; Gas sector, due to the large investments required to be compliant, but also the potential for anticipating losses in value in current assets, driving the creation of "stranded assets".</p> <p>With public opinion, governments and customer preferences to favour companies that contribute to a more sustainable economy; with investors and other stakeholders exerting increasing pressure to decarbonise, Galp's positioning is under scrutiny, and inaction or delayed action could have a material impact on its competitiveness, results, financial performance and reputation and ultimately may compromise its long-term sustainability.</p>	<p>Galp addresses climate risk through its strategy to purposefully and profitably accelerate the transition to net zero emissions by reshaping its portfolio, supported by the expansion of its renewable energy footprint, the development of biofuels and green hydrogen, among others, while focusing on the application of new technologies and best practices aimed at leveraging business transformation, adapting operations and increasing energy efficiency.</p> <p>Climate risk management is supported by a Governance structure involving the Board, the Executive Committee, and the Sustainability and the Risk Management Committees, and by a set of standards and policies related to health, safety, security, environment and social issues. The risks and opportunities arising from climate change are addressed and incorporated into the strategic planning process, considering alternative scenarios and different time horizons.</p> <p>Additionally, conscious of the future potential changes in regulation, consumer and technological patterns and the risks associated with long-term business plans when evaluating new project developments, expansions or upgrades of existing assets, Galp analyses possible GHG emissions along their value chain and considers an internal carbon price in the investment analysis that changes with time.</p> <p>Galp believes that responding to the evolving risk landscape requires a transparent transition report of its current performance, as well as the establishment of long-term ambitions (such as becoming a net-zero emissions Company by 2050), but also medium-term targets by 2030, namely:</p> <ul style="list-style-type: none"> <li>• Reducing absolute GHG emissions from its operations (Scope 1 and 2) by 40%; and</li> <li>• Reducing carbon intensity (scopes 1,2 and 3) of the produced energy according to production-based approach by 40% and of its sales portfolio by 20% following a downstream sales-based approach.</li> </ul> <p>At the same time, Galp is committed to demonstrating resilience in adopting the Disclosure guidance of the Task Force on Climate-Related Financial Disclosures (TCFD).</p>



## Performance Management

Inefficient corporate and people performance management may affect the successful execution of Galp's strategy.

Risk factor	Mitigation measures
<p>Growing digital transformation constrains companies to restructure business models through business-intelligence and operational models supported by innovative technologies and data analytics to improve speed, enable deeper insights and raise performance management efficiency.</p> <p>The failure to adopt the correct technological solution will contribute to less effective processes in the definition of strategic objectives, in the analysis and measurement of performance, in the reporting and review of performance, and may impair Galp's ability to make informed decisions and to incorporate lessons learned.</p> <p>On the other hand, in addition to employees' growing aspirations for greater work-life balance and a more flexible work environment, Covid-19 has accelerated the introduction of a new work model paradigm, introducing remote working as a substitute or complement to in-person working, while also creating greater pressure for the adoption of new technologies.</p> <p>If Galp is unable to implement its performance management processes, this could prevent it from properly executing its strategy, impacting results and financial performance.</p>	<p>Galp has implemented a new corporate performance management focused on strengthening data analytical capabilities and leveraging business know-how and processes to accelerate business transformation and efficiency, through a governance structure supported by a Data Office and a Business Transformation Office.</p> <p>Galp is also carrying out a new people performance management focused on the development of people and the alignment of their objectives with the Company's goals. The new strategy, based on a new organisational structure, aims to attract and retain the talent needed to drive the development of a new business model.</p>

## Portfolio

The execution of Galp's strategy may be affected if the Company is unable to develop, maintain or efficiently manage a high-value portfolio.

Risk factor	Mitigation measures
<p>The sustainability and growth of Galp's businesses depend on the ability to build and maintain a high-value portfolio. Galp is firmly committed to reshaping its portfolio by 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.</p> <p>A significant part of Galp's investments is focused on low- and no-carbon businesses, aligned with the Company's decarbonisation ambitions, but achieving a value-driven low-carbon portfolio poses some challenges to Galp, namely the availability of required expertise, regulatory constraints and technological issues, which could threaten the Company's decarbonisation at the pace the market demands.</p> <p>Maintaining an upstream portfolio of high-quality (low-carbon emissions) cash generation projects could be adversely affected, primarily by external factors, such as geopolitical, fiscal and regulatory risks.</p> <p>Pursuing its strategy, Galp may intend to carry out divestments, but if it fails to do so at acceptable prices or within the necessary time frame, this could result in increased pressure on its cash position and potential impairments.</p> <p>Failure to build a diversified and high-value portfolio could have a material adverse effect on Galp's competitiveness, results, and financial performance.</p>	<p>To ensure the Company's sustainability and generate sustainable value for its stakeholders in the long term, Galp is committed to diversifying its business portfolio towards renewable energies and new businesses, in line with the energy transition, which includes both the diversification of technologies and the move to new geographies, reducing the Company's global risk and providing new sources of value.</p> <p>At the same time, the Company is committed to transforming its established businesses - I&amp;EM and Commercial - to adapt to new demand trends and become more sustainable and less carbon-intensive.</p> <p>For this purpose, Galp continually assesses new business opportunities that are evaluated from a risk-return perspective, through the modelling of critical variable scenarios.</p> <p>Additionally, Galp proactively constitutes the teams and defines the adequate governance structure to pursue its strategic options.</p> <p>To assess potential divestments in pursuit of its strategy, Galp continuously monitors market developments to take advantage of the best opportunities.</p>

## Price

Galp's assets and results are dependent on various market factors, including the price of oil products, natural gas, LNG, electricity and CO<sub>2</sub>, as well as foreign exchange and interest rates.

Risk factor	Mitigation measures
<p>The price of oil, oil products, natural gas, LNG and electricity varies according to supply and demand, both nationally and internationally.</p> <p>Factors such as macroeconomic, geopolitical and technological uncertainties, supply restrictions and operating circumstances may affect supply and demand for Galp's products and production costs. Changes in consumption patterns with greater demand for less carbon-intense solutions, natural disasters, and extreme situations, like the COVID-19 pandemic, may also affect the demand and supply of oil and gas, influencing the prices of these commodities.</p> <p>The price of CO<sub>2</sub> is also determined by fluctuations resulting from the dynamics of supply and demand or by changes in national and international legislation.</p> <p>Exchange rate fluctuations affect the Company's revenue and therefore the results and the cash flow generated. The value of the Company's assets and financial investments, especially those denominated in U.S. dollars and Brazilian real, is influenced by exchange risk in Galp's consolidated financial statements in euros.</p> <p>Interest rate volatility may affect Galp's financing costs and impact results.</p> <p>Adverse changes in key market parameters may have a material adverse effect on Galp's assets value, results and financial performance.</p>	<p>Galp's presence in the upstream and downstream (oil &amp; gas &amp; power) businesses provides a partial natural hedge. Additionally, Galp maintains a diversified portfolio that mitigates the impact of price volatility and proactively, the resilience of new projects is assessed for a range of price and cost scenarios.</p> <p>Additionally, the risk of volatility in commodities prices is partially mitigated through instruments available on the exchange and over-the-counter (OTC) markets. The management of these risks is set out in a specific risk policy, including hedging strategies and exposure limits, and a Strategic Hedging Programme is annually defined/revised.</p> <p>Interest rate, foreign exchange rate and other financial risks are centrally managed through variable and fixed rate financial instruments and hedging derivatives.</p> <p>The management and mitigation of this risk ensures compliance with the defined risk profile, with periodic reports being drawn up on the evolution of risk factors and hedging strategies.</p>

## Market & Competition

In a market that is highly dependent on supply and demand, Galp's ability to adapt to new paradigms and react to competition is crucial for ensuring good financial performance and reaching strategic goals.

Risk factor	Mitigation measures
<p>Galp operates in a market characterised by strong competition in all business segments and that is particularly exposed to the economic context, with supply and demand conditioned by the macro environment. Disruptive situations, namely pandemics such as COVID-19, or growing concerns about climate change, which favour energies with lower GHG emissions, affect global demand for oil and gas.</p> <p>Galp's competitive position could be harmed if it is unable to respond adequately and in time to the new demand paradigm, reshaping its portfolio in line with the energy transition; if competitors gain access to resources that are important for the Company; if it is unable to access new technologies and keep up with sector innovation to improve operating efficiency; or if unable to recruit and retain talent.</p> <p>Changes in the business model paradigm and the intense competition to which Galp is subject may adversely affect its activity and financial performance.</p>	<p>Galp continually assesses the markets and the inherent economic, political, social, and environmental drivers to anticipate changes that could affect the Company's business model. The portfolio reshaping strategy for renewable energies and new businesses, and the development of internal skills will allow the Company to study, create and implement new and improved technical and technological solutions, enabling it to respond to new market challenges, ensuring a competitive position.</p> <p>Additionally, using scenario modelling, Galp carries out stress tests to evaluate the contribution of business integration and diversification to mitigate these risks, as well as to test the resilience of its strategy.</p> <p>Besides, Galp has a solid capital structure and important competitive advantages, namely a long-standing presence and strong operational experience in the industry and markets where it operates, in addition to being a reference operator in Iberia, factors that give the Company resilience when faced with negative fluctuations in market conditions.</p>

## Partnership

In projects developed in partnership, Galp reduces its degree of control, but maintains exposure to risk.

Risk factor	Mitigation measures
<p>Most of the projects developed by Galp in the various segments - Upstream, Renewables, Biofuels, Li-ion battery value chain and other business developments – rely on partnerships with other entities.</p> <p>The operations carried out in partnership allow Galp to take advantage of additional complementary abilities and resources, as well as benefit from adequate risk sharing, but it gives the Group less control over the execution, performance and operating costs of the projects.</p> <p>Additionally, Galp is exposed to the risks associated with partners, including financial, technical, operational, cyber and reputational risks, thus affecting the reliability or feasibility of the project execution.</p> <p>All these factors could compromise project execution and may have a material adverse effect on Galp's reputation, results and financial performance and, ultimately, interfere in the execution of Galp's strategy.</p>	<p>For the mitigation of this risk, a rigorous selection of partners is critical. Galp performs a prior partner risk assessment involving various internal teams, namely the risk, cyber and compliance divisions, ensuring the selection of companies with high financial, technical and operational capacity, cyber resilience and ESG high standards.</p> <p>In addition, Galp also devotes great attention to the careful drafting of partnership agreements, with mitigation clauses.</p> <p>Moreover, Galp is actively involved in the execution of all its projects, accompanying them through multidisciplinary teams, and maintaining direct contact with and influence over partners that are mostly renowned international companies (as in the Upstream segment, for instance, where Galp is mainly non-operator), or companies that ensure alignment with Galp's standards in quality, social responsibility and health, safety, security and environment (HSSE), cyber and reputational criteria.</p>

## Concentration

Maintaining a high-value asset portfolio is essential for Galp's financial performance.

Risk factor	Mitigation measures
<p>Galp's main assets and operations are mostly concentrated 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.</p> <p>In the case of Brazil and Algeria, the concentration risk is aggravated by the high political, regulatory and social risks of these geographies, which may cause instability, limitations or interruptions to Galp's operations, adversely affecting the Company's ability to develop its projects in a safe, reliable and profitable manner.</p> <p>Additionally, the still significant weight of the Oil &amp; Gas segment in Galp's portfolio may represent an added challenge for Galp in the face of energy transition and the new demand paradigm.</p> <p>These situations could have a material adverse effect on Galp's competitiveness, results, and financial performance.</p>	<p>To ensure the Company's sustainability and generate sustainable value for its stakeholders in the long term, Galp is committed to diversifying its business portfolio to renewable energies and new businesses, in line with the energy transition, which includes both the diversification of technologies and the move to new geographies, reducing the Company's global risk and providing new sources of value.</p> <p>The geographies and assets concentration risk assessment also considers the risk profile of the alternatives.</p>

## Financial Risks

### Financing & Insurance | Emerging Risk

Tightening conditions for financing and insurance coverage of O&G projects could compromise the execution of Galp's strategy.

Risk factor	Mitigation measures
<p>To finance its investment plan, in addition to operating cash-flow, Galp uses other sources of external financing, namely bank loans and debt instruments, such as EMTN and commercial paper. Faced with increasing pressure both on investors to reduce their investments in fossil fuel companies and on commercial and investment banks to stop financing these companies, Galp could have greater difficulties in obtaining financing, hampering its ability to obtain the necessary funds to implement its strategy.</p> <p>Moreover, insurers are showing less appetite for the O&amp;G sector, avoiding quoting the inherent risks. This situation could have a material adverse effect on Galp's financial performance and on its ability to execute its strategy</p>	<p>Galp addresses this risk through its strategy of accelerating the transition to low-carbon energy.</p> <p>By diversifying its financing portfolio and expanding its pool of creditors, Galp has access to a wider range of flexible financing products and structures, ensuring access to sufficient debt and financing sources to meet foreseeable commitments.</p> <p>Galp also believes that it will be able to align its Insurance Programme with its business structure and risk appetite.</p>

### Assets

Maintaining a high-value asset portfolio is essential for Galp's financial performance.

Risk factor	Mitigation measures
<p>Galp holds a portfolio of high-value assets in the different business segments in which it operates. However, several factors, both internal and external, may affect Galp's assets, their performance and value.</p> <p>Technical challenges and/or appraisal and development difficulties; Geopolitical, fiscal and regulatory risks (especially in geographies with an unstable legal framework); Failure to replace old or obsolete infrastructure or equipment; Incorrect evaluation of Oil &amp; Gas reserves or recovery levels, are some of the issues that can affect the value of Galp's assets.</p> <p>Such issues could reduce Galp's balance sheet value and have a material adverse effect on the Company's financial performance.</p>	<p>Galp permanently monitors internal and external factors and their potential impacts on the Company's assets.</p> <p>The internal teams and external auditors carry out surveys at Galp's facilities, identifying intervention needs.</p> <p>Additionally, for the execution of its main projects, Galp participates in consortia that ensure the best practices and the use of the best technologies and knowledge, providing reasonable guarantees of successful execution and best operational standards.</p> <p>Proved reserves bookings are undertaken by a group of independent experts and analysed by Galp's Upstream team.</p>

## New Business Returns | Emerging Risk

Failure to develop capital-efficient investment strategy in renewable energy and new businesses aligned with energy transition could compromise Galp's sustainable growth.

Risk factor	Mitigation measures
<p>Galp is committed to reshaping its business portfolio, focusing on opportunities in renewable energy (particularly solar PV and wind) and new businesses (e.g., battery value chain and green hydrogen), in line with the energy transition, which captures synergies with other businesses, maximising value throughout the energy value chain.</p> <p>However, Galp's diversification strategy may be compromised if the investment options do not meet the defined objectives and/or do not contribute to the fulfilment of the Galp Decarbonisation Roadmap. Some factors such as intense competition and/or competitive disadvantages; failure in the financial capacity to support the aspired portfolio; lack of the necessary skills; incorrect assumptions in the evaluation of the projects; technical/technological issues that hinder their execution; delays in execution that impair time to market; poorly defined market exposure strategy; inadequate contractual wording may affect the profitability of projects and/or compromise their contribution to Galp's portfolio reshaping strategy.</p> <p>If Galp is unable to obtain competitive returns in the development of these projects, this could have a material adverse effect on its results and financial performance.</p>	<p>Aiming to ensure a portfolio capable of creating long-term sustainable value, Galp continuously evaluates new investment options and carries out stress tests to assess all business opportunities from a risk/return balancing perspective. After the investment decision, the Company constantly monitors sanctioned projects in order to make the necessary adjustments.</p> <p>On the other hand, Galp is continuously developing its strengths, namely, the necessary expertise and governance structure that enables it to respond to the new business challenges; a capital structure and financing facilities that allow it to support the new investments; as well as synergies, namely between the O&amp;G and renewables businesses.</p>



## Operational Risks

### Major Accidents

Galp's main operations are exposed to the risk of major events involving fatalities and/or significant damage to the plant, equipment or the environment.

Risk factor	Mitigation measures
<p>The nature, technical complexity and diversity of Galp's operations – namely in the Upstream or in the Industrial processes – expose the Company to a wide spectrum of disruptive health, safety, security and environmental (HSSE) risks.</p> <p>Both Upstream and Industrial operations are carried out in extremely challenging environments, subject to the effects of natural disasters, criminal actions, social unrest, technical or safety failures. If a major accident materialises, this could result in injuries, loss of life, environmental damage, compromise operational reliability or facilities and disrupt business activities.</p> <p>Furthermore, even though Galp insures a part of its risk exposure with third-party insurance companies, a large-scale safety or environmental incident would have a high financial impact.</p> <p>This type of event would potentially result in a material adverse effect on Galp's reputation, on the value of the Group's assets, and its financial performance.</p>	<p>Several standards and a clear governance structure are set up to help manage HSSE risks and develop mitigation strategies to reduce the probability and impact of a potential major accident. Galp also provides regular training on these topics to its employees, aiming to raise awareness of the criticality of the topic.</p> <p>Additionally, Galp continuously assesses, through internal teams and reinsurance experts, the safety performance of its operations, identifying and managing operational risks in the various stages of development of its projects, equipment, and assets, with the aim of preventing accidents, protecting people and preserving operational performance. Also, specific internal and external HSSE audits are regularly carried out.</p> <p>Galp has a Business Continuity Management System in place that speeds up the recovery of key activities and the supply of products in case of a major accident.</p> <p>Furthermore, Galp has an insurance programme covering, among others, material damage and civil liability, in order to minimise the impact of risks that may materialise.</p>

## Efficiency and Effectiveness

Failures in the efficiency and effectiveness of operations can jeopardise Galp's competitive positioning and compromise its long-term sustainability.

Risk factor	Mitigation measures
<p>Galp believes that its long-term sustainability depends on its ability to strengthen its position as a global integrated energy Company that develops profitable and sustainable businesses, with the aim of creating value for its stakeholders, ensuring compliance with legal requirements and applicable regulations.</p> <p>The ability to efficiently operate assets and ensure adequate cost management is essential for Galp to reach a high level of productivity and leverage its competitive performance. Repair and maintenance should be a focus of attention by the Company, as failures at this level can lead to limitations in the use of infrastructure, namely refineries, resulting in lower product reliability or reduction/stoppages in production; operational failures in industrial facilities or units, with impacts on safety, health, and the environment; an increase in investment costs and expenses.</p> <p>These factors can affect Galp's operational and financial performance, as well as its reputation.</p>	<p>To achieve a high level of operating efficiency that enables it to leverage its competitive performance, the Company has implemented an Integrated Management System, which gathers and unifies management requirements in the areas of Quality, Environment, Safety, Energy, Social Responsibility and Business Continuity, allowing it to identify and manage the risks and opportunities involved in the operation throughout the entire life cycle of projects, equipment and assets.</p> <p>In addition, and within the scope of Galp's insurance system, it transfers, among others, civil liability, business interruption and environmental liability to the insurance market, in order to mitigate the impact of this risk.</p>

## Business Continuity

The failure to react effectively to crisis situations or disruptions may jeopardise the continuity of operations and be damaging to Galp's reputation and shareholder value.

Risk factor	Mitigation measures
<p>The nature, complexity, and diversity of Galp's operations expose the Company to a broad range of disruptive risks.</p> <p>This risk category includes operating contingencies related to the characteristics of Galp's activities; acute physical risks (natural disasters such as earthquakes, hurricanes and floods) and chronic risks (successive drought and change of precipitation patterns); information system failures; security (civil disorder, war and terrorism); and cybersecurity risks.</p> <p>The risk of pandemics, such as COVID-19, may also adversely affect Galp, due to its broad macroeconomic effects, and due to the increased probability of occurrence of other risks such as cyber risks.</p> <p>These disruptive events may give rise to incidents that disrupt or threaten Galp's critical business processes and may have an impact on human resources, the environment, the value of assets and results and, ultimately, on its business continuity and the achievement of Galp's mission. Any disruptive business event, even if anticipated, may have unpredictable consequences, and it is, therefore, essential to ensure the ability to recover critical processes, with the necessary efficiency, to minimise negative impacts.</p>	<p>Disruptive risks factors are managed and mitigated, firstly, through the adoption of the best practices in terms of security and business continuity policies, as well as operating rules and procedures.</p> <p>Galp's Business Continuity Management System (BCMS) aims to enhance the Company's resilience in case of disruptions or crisis situations, facilitating the recovery of critical activities, and ensuring that the supply of products and services is restored to a minimum level within a pre-defined period of time after any disruption, minimising its effects.</p> <p>Galp's BCMS, applied across the Group, comprises the Business Continuity Policy, the Business Continuity Management Standard and the Crisis Management Response Structure Standard, as well as 16 continuity plans, including the Crisis Management Plan, the Crisis Communication Plan and the Disaster Recovery Plan.</p> <p>The Crisis Management Plan is used to effectively respond to any crisis situation, including cyber-attacks on Galp's information systems (cyber incidents that can paralyze critical business processes) in addition to the Cyber Resilience Roadmap, in progress.</p> <p>In 2021 Galp performed an evaluation of its climate-related risks, including acute and chronic physical risks. This assessment identified the variables with the highest possible impact on infrastructure and operations and resulted in a preliminary mitigation plan.</p> <p>Additionally, Galp has a wide range of insurance policies (essentially, civil liability, Business Interruption and environmental liability) that allow mitigating the impact of any major incident.</p>

## Project Execution

Galp's organic growth and results are dependent on the execution of its main investment projects.

Risk factor	Mitigation measures
<p>The execution of the projects in which Galp is involved is exposed to a range of risks (market, liquidity, political, legal, regulatory, technical, commercial, climate and others) that may compromise their execution within budget and deadlines, compliance with the defined specifications and their operational reliability.</p> <p>Additionally, if the assumptions or information used for the evaluation and sanctioning of projects prove to be wrong, the decisions taken may be incorrect.</p> <p>The execution of the projects also depends on the performance of third parties, including partners, suppliers, service providers and other contracted parties over which Galp has limited control, and which may bring additional risks to the execution of the project, namely financial, compliance and cyber risks.</p> <p>Any event that prevents the execution of the best projects under the best technical and financial conditions could impact the value of Galp's assets and results.</p>	<p>At Galp, a project's final investment decision is based on feasibility studies, carried out by multidisciplinary teams, including an integrated assessment of the main risks that may impact execution and mitigation measures to protect the future execution of the project.</p> <p>The project execution is continuously monitored, enabling the identification of risks that may cause deviations from the initial planning, and the implementation of corrective measures, if needed.</p> <p>Furthermore, as a result of the analysis process carried out by the consortium entities, Galp establishes partnerships with sector-leading companies, with extensive project knowledge and experience, which helps to mitigate the risk of project execution underperformance.</p> <p>Galp develops a careful selection and contracting process for partners, suppliers, service providers and other third parties, which combines operational, cybersecurity, compliance and EQS and sustainability criteria, thus mitigating the risk of project execution.</p> <p>A significant part of the remaining risk is transferred, through a comprehensive set of insurance policies (essentially regarding property damage, third-party liability and the environment), to insurance companies, mitigating the impact of major accidents/claims.</p>

## Legal and Governance Risks

### Legal

Legal and regulatory changes may alter the business context in which Galp operates.

Risk factor	Mitigation measures
<p>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 (e.g., competition laws, data protection laws, anti-bribery, tax-evasion, and anti-money laundering laws).</p> <p>Part of Galp's activity (namely in the Upstream, Energy management and downstream business) is carried out in emerging, or developing economies, with a relatively unstable legal and regulatory framework, which can lead to legislative and regulatory changes that Galp is required to comply with and may alter the business context in which the Company operates.</p> <p>The Company's downstream and renewables activities in Iberia are also subject to political, legislative and regulatory risks, particularly with regard to regulatory and competition laws issues.</p> <p>Legal risks associated with the potential breach of contract by Galp's counterparties within the scope of the various projects and transactions in progress are also transversal to Galp's activities.</p> <p>A change in legal frameworks or any misbehaviour, irregularity (actual or alleged) or lack of compliance with those frameworks by the Company, its employees, governing bodies, suppliers/service providers or counterparties may have a negative impact on Galp's activity, adversely affecting its results, financial performance and reputation.</p>	<p>The risk of the legal and regulatory framework is proactively managed by Galp as part of the investment assessment process. An investment decision is reviewed by multidisciplinary teams within the Company, namely the Legal Department, which also provides active legal advice in the negotiation process, ensuring appropriate management of the actual and potential risks.</p> <p>This risk is continuously monitored after an investment decision is made, in order to assess any changes in law or regulation in the country where the asset is located, and to recurrently evaluate legal and contractual mechanisms that allow avoiding and/or mitigating such risks.</p> <p>Impacts are assessed and decisions are taken to protect Galp and its stakeholders' interests.</p>

## ESG Regulatory Compliance | Emerging Risk

Failure to comply with industry laws, regulations and ESG disclosure could have adverse effects on Galp's reputation and financial performance.

Risk factor	Mitigation measures
<p>Within the enormous regulatory framework to which Galp is subject, there is a large scope of legislation relating to environmental, social and governance (ESG) issues, which are gaining prominence within the stakeholder community.</p> <p>An increasing number of ESG rating agencies, investor groups or climate initiatives assess companies' ESG performance, demanding commitments and actions and identifying "pain points" and making the assessment publicly available. Also, in terms of ESG, there are new legislative proposals and policy initiatives (e.g., EU Taxonomy, Corporate Sustainability Reporting Directive, Fit for 55) with an impact on Galp's activities.</p> <p>Galp either already acts or is preparing to act in accordance with all these standards, laws, and regulations. However, any lack of compliance with ESG laws and standards, or failure to respond to ESG topics may result in regulatory investigations, litigation and, ultimately, sanctions, having adverse effects on the Company's investment case and reputation.</p>	<p>Galp continually assesses the impact of upcoming ESG regulation through its Compliance and Sustainability teams and the Sustainability Committee, with Board oversight, to anticipate a response strategy to ensure compliance with any new rules and targets. Compliance with Galp Decarbonisation Roadmap framework and its targets are also subject to ongoing scrutiny.</p> <p>Just like it does in regard to compliance with other standards and policies, Galp will now conduct ESG compliance due diligences on its most relevant business partners, service providers and suppliers prior to engaging in transactions with them, in order to ensure that these entities also have adequate and effective policies and procedures on this topic.</p>

## Reputational

An erosion of our reputation could have a material adverse effect on Galp's strategy due to greater difficulty in accessing capital and financial markets, attracting clients, and employees.

Risk factor	Mitigation measures
<p>Galp's reputation is an invaluable asset. Any incorrect behaviour, irregularity (real or alleged) or lack of compliance with either the regulatory framework that governs Galp's activity in its various businesses, or transversal standards and policies, failures in our corporate governance, or a lack of understanding of how our operations affect neighbouring communities and the environment could damage the Company's reputation.</p> <p>Less appropriate behaviour by the Company, its employees, governing bodies, suppliers/service providers or counterparties may reflect on Galp.</p> <p>It is worth noting that, in the context of climate change and the energy transition, there is an even greater scrutiny of the O&amp;G sector, so non-compliance with external frameworks, a delay or non-compliance with the Decarbonisation Roadmap communicated by Galp may have a significant impact on its reputation.</p> <p>Many other factors, including those presented under several of the other risks, could negatively affect Galp's reputation and could have a material adverse impact on our results and financial performance.</p>	<p>The Company's corporate culture, embodied in its Corporate Social Responsibility Policy, is guided by high ethical values and social responsibility standards.</p> <p>To ensure compliance with best practices and legislation, and to prevent irregular conduct or inappropriate behaviour, Galp has several policies and standards, namely a Code of Ethics and Conduct and a Corruption Prevention Policy, a Human Rights Policy, a Prevention of Money Laundering and Terrorism Financing standard and a Data Protection Policy, supported by a governance structure that involves the Compliance division and well-established reporting lines.</p> <p>Galp constantly monitors the performance of its people, ensuring compliance with its values and those policies and standards, and permanently assesses the external environment to understand potential reputational risks. It maintains an ongoing dialogue with its main stakeholders, shareholders and investors, business partners, suppliers and customers to obtain more information about society's expectations of its business.</p> <p>Additionally, Galp has mitigation plans for the various risks identified above that may have a potential impact on reputation.</p>

## Information Technology Risks

### Cyber | Emerging Risk

Guaranteeing Galp's cyber and digital resilience is essential, given that a potential breach of digital security or failure of Galp's digital infrastructure may impair the availability of our services and operations, increase costs and impact Galp's reputation.

Risk factor	Mitigation measures
<p>Most of Galp's processes rely heavily on digital systems and data. Any breach in the security of those systems, whether accidental (due to network, hardware or software failures), or resulting from intentional actions (cybercrime), or negligence (internal or due to service providers), can have extremely negative impacts for Galp, its customers and suppliers.</p> <p>There has been an exponential increase, both in volume and in sophistication, in Cybercrime in recent years, with an emphasis on criminal activities aimed at organisations that exploit weaknesses in their systems, people, and processes, with the objective of stealing sensitive data and/or halting operations to subsequently demand large financial bailouts.</p> <p>Breaches or disruptions of critical digital systems may compromise the normal development of Galp's activities and, if not detected early and responded to effectively, can cause disruptions, or affect the quality of its operations; damage its reputation by the eventual loss, violation, misuse or abuse of personal and/or confidential data; cause loss of life, damage to the environment or to Company assets; and result in legal or regulatory non-compliance, with possible fines or any other type of penalties.</p> <p>All of these scenarios can have a material adverse effect on Galp's reputation, results and financial performance.</p>	<p>Galp mitigates this risk through its Cybersecurity and Cyber Resilience Management System, which ensures the Identification, Protection, Detection and Response/Recovery of cyber threats and risks in the Company (in its systems, people and processes), in all Group companies and everywhere it operates.</p> <p>To identify cyber risks, a set of technical and procedural measures has been implemented with the aim of ensuring visibility of possible weaknesses in Galp's digital systems and those of its service providers, as well as their follow-up until mitigation.</p> <p>Regular assessments are carried out, either to simulate external attacks or to validate the adequacy of measures against Galp's policies.</p> <p>A set of measures and mechanisms considered appropriate to the type of Galp's cyber threats has been implemented, for the protection and timely detection of cyber threats, in order to guarantee the protection of our systems, people and processes, continually adapting and adjusting these measures.</p> <p>In terms of response, Galp, through its CSIRT (Cyber Security Incident Response Team), ensures a 24/7 response capability to cyber incidents, thus ensuring its resilience through coordinating the response to incidents that affect the organisation, and the identification and monitoring of lessons learned, as a way of continuously improving the organisation's cyber security.</p> <p>Galp continues to implement improvements identified during the global and holistic Cybersecurity maturity assessment developed in 2019.</p> <p>In response to the COVID-19 pandemic, several initiatives were launched to raise awareness among employees to the cyber threats that emerged in this context, as well as public alerts to customers and society in general, regarding situations in which cyber criminals tried to take advantage of Galp's reputation for carrying out cyber fraud attempts.</p>



## Disruptive Technologies & Digital | Emerging Risk

Failure to identify and integrate technological developments could jeopardise Galp's competitive position.

Risk factor	Mitigation measures
<p>The ongoing digital transformation is also visible in the Oil &amp; Gas industry, which is exploring ways to digitise, automate and solve complex industry challenges (either in platforms and refineries associated with traditional businesses, or in energy production projects from renewable energies or other new businesses such as green hydrogen), and also transversal issues (e.g. development of new practices that accelerate the processing times and reduce manual work).</p> <p>Failure to adopt new and innovative technologies could have significant impacts on Galp's operations.</p> <p>There would be an underutilisation of real-time data collection between facilities and geographies if Galp were not able to use the Internet of Things (IoT); Galp would have lack of customer knowledge if it does not use Big Data &amp; Analytics; less predictive and cognitive analytics without Artificial Intelligence (AI); and lower efficiency and higher probability of human-induced errors without Robotics and Automation (R&amp;A).</p> <p>The failure to identify and integrate new trends and technological innovations would affect Galp's efficiency and its competitive position and could result in a material adverse effect on its results and financial performance.</p>	<p>Galp mitigates this risk by promoting digital transformation projects that provide the business units with objective and actionable intelligence, allowing them to process know-how and accelerate business transformation and efficiency.</p> <p>In addition, Galp is committed to accelerating the development of data science skills with a view to capturing value from data and generating business impact and to promoting a culture of data and common literacy across the Company.</p>

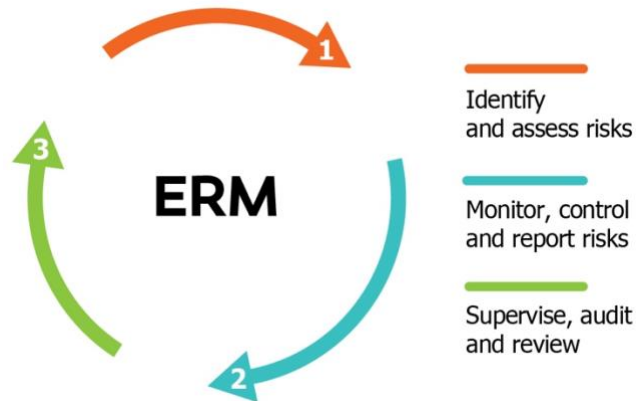
### 54. Description of the procedure for the identification, assessment, monitoring, control and management of risks

Galp is an integrated energy operator present in several geographies and is exposed to internal/external factors that bring uncertainty to its performance and the achievement of its strategic objectives.

The Risk Management Policy approved by the Board of Directors establishes objectives, processes and responsibilities, which enable Galp to ensure a solid risk management structure.

Based on the guidelines established in the Risk Management Policy, Galp identifies, assesses and manages the risks and opportunities inherent to its strategy, including emerging risks and opportunities.

Galp's risk management approach is based on three general macro-activities as shown in the diagram below.



### Identify and assess risks:

In its strategic planning process, Galp identifies the key risks and opportunities – classified by nature: strategic, financial, operational, legal and governance, IT systems and people – and incorporates them into its business models to provide a set of future alternative scenarios that ensure the construction of a more resilient portfolio.

Climate-related risks are identified and assessed for all business units and geographies on an annual basis using scenario-based modelling. These have been identified as strategic risks for the Company and are closely evaluated and monitored and their impact in its operations and value at risk is to be quantified regularly from 2021 onwards.

This analysis involved an alignment of Galp's corporate risk and opportunities dictionary with the categories recommended by the TCFD, the definition of a complete scenario framework considering physical and transition scenarios, with sufficient diversification between them and considering a well-below 2°C scenario. The main physical and commercial variables were estimated for each scenario, followed by the evaluation of risk parameters by scenario and time

horizon. Finally the expected loss and the climate value at risk were calculated and disaggregated at the level of the different businesses and consolidated at the group level, considering the existing correlation between the different risks, opportunities and geographies.

The analysis is performed on short, medium and long-term time horizons to ensure these risks are captured and assessed on a time scale compatible with the one of climatic evolution and long-term Company strategy.

The identification and assessment of climate risks aims to test the resilience of the Company's strategy to different climate scenarios and integrate the most relevant associated risks in the risk management framework.

The Risk Management Policy establishes Galp's commitment to managing its inherent risk exposure in line with the Company's Risk Appetite, thus ensuring compliance with legislative, regulatory and ethical conduct requirements.

The Board of Directors approves, on an annual basis, a Risk Appetite Statement, which is reviewed each year to incorporate any changes in strategy and context. The definition of the risk appetite provides the performance boundaries around the organisation's strategic objectives and helps leaders to make informed decisions and appropriate trade-offs.

At the Board of Directors' meeting on December 16, 2021, the Board approved the Risk Appetite Statement regarding the risk underlying the 2022-2032 Budget and Plan proposed by the Risk Management & Internal Control Department.

Additionally, the Risk Management & Internal Control Department tests the various business models underlying the Budget & Plan process, by stressing the volatility of the identified KRIs and obtaining both a holistic view of Galp's

portfolio returns (Sharpe Ratio) and of its value at risk (V@R) in an 'As Is' and 'To Be' approach.

For the 2022-2032 Budget and Plan, the Risk Management & Internal Control Department submitted this analysis together with the Risk Appetite Statement to the Executive Committee, the Risk Management Committee, the Board of Directors and the Audit Board. This activity allows an overview of the portfolio from a risk-return perspective.

Every quarter, the Risk Management & Internal Control Department, based on the impact/probability matrices of the organisational units, reassesses Galp's overall risk matrix and the main mitigation measures and reports them to the Executive Committee, the Risk Management Committee and the Audit Board. This enables awareness of the main risks and opportunities by means of a top-down and bottom-up assessment.

#### **Monitor, control, and report risks:**

The Risk Management & Internal Control Department, together with the LROs (Local Risk Officers), continuously monitors the KRIs and reports their progress to the Risk Management Committee on a quarterly basis.

Mitigation actions to such risks are established whenever necessary.

On a monthly basis, the Risk Management & Internal Control Department checks on the implementation of risk mitigation actions and every quarter, reports their status to the Executive Committee, the Risk Management Committee and to the Audit Board.

Galp classifies risks by response categories defined to ensure that risks are within the guidelines issued by the Board of Directors or the Executive

Committee in terms of risk limits and tolerances, depending on whether it is decided to avoid, transfer, reduce or accept the risk.

#### **Supervise, audit and review:**

Galp's Risk Management Committee and Audit Board oversee the risk management process.

The information reported each quarter by the Risk Management & Internal Control Department to the Risk Management Committee (reassessment of risk matrix and status of mitigation actions) allows this Committee to supervise, audit and realign the risk management process.

The main decisions and activities performed by the Risk Management Committee are reported quarterly to the Audit Board.

The Internal Audit Department conducts an annual audit of the risk management process and makes recommendations whenever it considers that improvements are necessary. The recommendations of the 2018 audit have been closed, and a new audit was conducted in 2021.

### **55. Core details of the internal control and risk management systems implemented in the Company for the financial information reporting procedure (Article 29(H)(1)(I) of the Portuguese Securities Code).**

Galp has drafted and implemented rules and procedures that are applicable to the control activities for preparing and reporting financial information. It prepares its accounts in compliance with the IFRS accounting standards approved by the European Union. In order to deal with any situations that are

either not covered or are insufficiently covered in the IAS/IFRS standards or SIC/IFRIC interpretations, Galp has an accounting manual which follows best market practices and which is applied internally as a complement to IFRS rules.

Recognising the technological dependence of these areas, Galp has characterised the control activities for financial reporting in relation to the use of support technologies (application/ information system) and identified the control activities for those technologies.

The documents that disclose financial information to capital markets are prepared by the Investor Relations Department based on the information provided by the Accounting and Tax Department and the Planning and Performance Department. In relation to the half-yearly and annual accounts, the documents are sent to the Board of Directors and the Audit Board for approval before they are disclosed.

Galp has a plan to review, systematise and document its internal control system with respect to financial reporting, to strengthen mitigating controls on financial reporting risk and thus preserve itself as a reference entity regarding the reliability of its financial reporting.

In 2018, Galp developed and implemented an information system for monitoring the registration of insiders and people with access to such information (permanent and occasional insiders), including financial information, which meets the requirements arising from the recent European legislative reform in this area (Market Abuse Regulation).

## IV. Investor assistance

### 56. Department responsible for investor assistance, composition, functions, the information made available by this department, and its contact details.

The area responsible for supporting investors is the Investor Relations Department.

#### Composition

Manager: Otelo Ruivo

Team: Inês Clares Santos, João G. Pereira, João Antunes, Teresa Rodrigues

#### Main duties

The Investor Relations Department performs all the duties of the investor support office. This department reports directly to the Chief Financial Officer and its duties are to prepare, manage and coordinate all the activities that are required to achieve Galp's objectives for capital market relations, particularly with shareholders, institutional investors and financial analysts.

The Investor Relations Department is responsible for ensuring that the Company's communications with capital markets result in an integrated and consistent perception of Galp's strategy and operations, thereby providing investors with sufficient up-to-date information to make informed decisions. To this end, the IR team produces and provides relevant, clear and accurate information about Galp to the market and does so in a regular, transparent and timely manner, with a view to information symmetry.

The Investor Relations Department is also responsible for fulfilling statutory reporting obligations to the regulatory and market authorities, which includes drawing up reports disclosing Galp's results and the Group's activities, drafting and disclosing communications on inside information, providing the information requested by investors, financial analysts and other capital market participants, as well as providing support for the Executive Committee in aspects relating to Galp's status as a public traded company.

The Investor Relations Department monitors changes in the share prices of Galp and peers companies. It supports the management team by means of direct and regular contact with national and foreign financial analysts and institutional investors, either at conferences and collective presentations aimed at investors or in bilateral meetings.

### Disclosed information

Galp's capital market communication policy aims to provide all the relevant information to allow reasoned judgements to be made about the evolution of the Company's activity, its expected and achieved results and the various risks and opportunities that may affect its activity.

With this in mind, Galp fosters transparent and consistent communication based on explanations of the criteria used in the provision of the information and clarification of the reasons for any amendments to it, in order to facilitate the comparison of the information provided in different reporting periods.

### Strategy execution

The website provides information on the Company's activities and strategy, including information for capital markets and other stakeholders, including up-to-date information about strategic execution and future expectations.

## Corporate governance

The website provides information on the Company's corporate governance, in compliance with the rules in force in the Portuguese market and in accordance with practices adopted by Galp.

## Results

The Company discloses its results on a quarterly basis on dates announced and included in its financial calendar.

The information disclosed to the market includes a summary of the operating information for each quarter - the Trading Update - which is usually issued two weeks before the announcement of the quarterly results.

The quarterly results report and supporting documents are usually released before the market opens on the previously announced date. This is followed by a presentation where the Company management team covers the main points of the announced results and holds a Q&A session. In the following days, other supporting documents are also published, including an editable table of results and the audio recordings and transcripts of the conference calls.

## Corporate events calendar

In 2021 the calendar was as follows:

Event	Date
4th Quarter 2020 Trading Update	29-01-2021
4th Quarter 2020 Results and Short-Term Update	22-02-2021
Publication of the 2020 Report & Accounts (Audited)	22-03-2021
1st Quarter 2021 Trading Update	12-04-2021
2021 Annual General Meeting	23-04-2021

Event	Date
1st Quarter 2021 Results	26-04-2021
2021 Galp Capital Markets Day	02-06-2021
2nd Quarter 2021 Trading Update	12-07-2021
2nd Quarter 2021 Results	26-07-2021
3rd Quarter 2021 Trading Update	11-10-2021
3rd Quarter 2021 Results	25-10-2021

The forecast calendar for 2022 is as follows: (\*)

Event	Date
4th Quarter 2021 Trading Update	02-02-2022
4th Quarter 2021 Results and short-term update	21-02-2022
Publication of the 2021 Report & Accounts (Audited)	29-03-2022
1st Quarter 2022 Trading Update	13-04-2022
2022 Annual General Meeting	29-04-2022
1st Quarter 2022 Results	03-05-2022
2nd Quarter 2022 Trading Update	13-07-2022
2nd Quarter 2022 Results	25-07-2022
3rd Quarter 2022 Trading Update	12-10-2022
3rd Quarter 2022 Results	24-10-2022

(\*) dates subject to change.

### Consensus

Galp publishes its quarterly, medium- and long-term results as estimated by the analysts who cover the Company's share and discloses a summary of their recommendations on the share price.

### Galp shares

The website includes a section on Galp's share price history, comparisons with the evolution of the PSI-20 and comparable company share prices. In addition, this section of the website contains information about the Company's shareholding structure, including a description of the qualifying holdings and detailed past information about the payment of dividends.

### Communication to the market

All the relevant information is disclosed preferably before the opening or after the closing of the Euronext Lisbon daily market session, via the CMVM's information disclosure system.

In order to facilitate access, the information is also provided, quickly and at no cost, to a non-discriminatory database. It is also sent by e-mail to all investors and other interested parties who have previously requested it.

The database currently includes over 2,400 contacts. The relevant information is disclosed simultaneously on the "Investors" section of Galp website at <https://www.galp.com/corp/en/investors>

### Contacts

The Company holds conference calls to announce its quarterly results and to provide strategy execution updates on the dates the results are released.

Galp fosters a close relationship with the financial community in order to keep it informed, on a regular and consistent basis, of the Company's strategy and the implementation of that strategy. This is done by the IR team and, where appropriate, the management team, proactively and reactively, using various communications channels such as e-mail, telephone and video, among others,

as well as holding and participating actively in meetings and conferences with institutional investors and analysts.

In 2021, Galp participated in 12 conferences and 10 roadshows. All in all, including ad-hoc meetings and conference calls, the Investor Relations team held more than 120 meetings with institutional investors, covering approximately 150 financial institutions in Europe, North America, Latin America and Asia. Over 56% of these meetings were attended by at least one member of the Executive Committee, underlining the high level of the management team's commitment to communicating the Company's strategy and its implementation to capital markets. Finally, the team hosts other recurrent interactions with other market agents, such as sell side analysts, retail investors, regulators and other relevant stakeholders.

The Investor Relations team may be contacted through the email: [investor.relations@galp.com](mailto:investor.relations@galp.com)

Telephone: +351 217 240 866.

### **57. Market liaison officer.**

Galp's representative for market relations is Otelo Ruivo, Head of Investor Relations Department.

### **58. Information on the extent of and deadlines for replying to requests for information received throughout the year or pending from previous years.**

In order to foster a close relationship with the capital market community, the Head of Investor Relations Department replies to all information requests received by telephone or e-mail.

Replies and clarification are provided as quickly as possible, but the response time depends on the nature and complexity of the issues in question. The transparency, symmetry and consistency of the available market information must be assured at all times.

## **V. Website**

### **59. Address(es).**

Galp publishes information on its website at [www.galp.com](http://www.galp.com)

### **60. Where to find information about the company, its public company status, registered office and other details referred to in Article 171 of the Companies Code ("CSC").**

The information listed in Article 171 of the CSC can be found on Galp's website at <https://www.galp.com/corp/en/footer/contacts>

### **61. Where to find the By-laws and regulations of the boards and/or committees.**

The By-laws of the Company and the regulations of the corporate bodies and internal committees establish their duties, powers and responsibilities, the chairmanship, the frequency of their meetings, their functioning and the duties of their members. These are available on the Company's website, as follows:

- Bylaws: [https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Estatutos\\_EN\\_rev%2010122018\\_1.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governo-Societario/SharedResources/Documentos/EN/Estatutos_EN_rev%2010122018_1.pdf)

- Board of Directors' Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento\\_2019\\_2022\\_CA\\_en.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_2019_2022_CA_en.pdf)
- Audit Board Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/regulamento\\_fiscal\\_maio\\_2019\\_EN.PDF](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/regulamento_fiscal_maio_2019_EN.PDF)
- Executive Committee Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento\\_CE\\_2019\\_2022\\_EN\\_.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/regulamento_CE_2019_2022_EN_.pdf)
- Audit Committee Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento\\_Comissao\\_Auditoria\\_052019\\_EN.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento_Comissao_Auditoria_052019_EN.pdf)
- Sustainability Committee Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Sustentabilidade\\_E1.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Sustentabilidade_E1.pdf)
- Risk Management Committee Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Gestao%20de%20Risco\\_E1.pdf](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/docs/Regulamento%20Comissao%20Gestao%20de%20Risco_E1.pdf)
- Ethics and Conduct Committee Regulations:  
<https://www.galp.com/corp/Portals/0/Recursos/Governance2019/Comissao%20de%20Gestao%20de%20Risco%20e%20Conduta/Regulacoes-Ethics%20Conduct%20Committee.pdf>

- Remuneration Committee Regulations:  
[https://www.galp.com/corp/Portals/0/Recursos/Governance2019/Societario/SharedResources/Documentos/EN/Regulamento%20Comissao%20de%20Remuneracoes\\_EN\\_2019.PDF](https://www.galp.com/corp/Portals/0/Recursos/Governance2019/Societario/SharedResources/Documentos/EN/Regulamento%20Comissao%20de%20Remuneracoes_EN_2019.PDF)

## 62. Where to find information on the names of members of the corporate bodies, the market liaison officer, the Investor Assistance Office or equivalent structure, their functions and contact details.

The information about the members of the corporate bodies is available on Galp's website at <https://www.galp.com/corp/en/corporate-governance/governing-model-bodies>

The information about the IR section is available on Galp's website at <https://www.galp.com/corp/en/investors/investor-support/investor-relations-team>

In addition, the number of meetings held in 2021 by the corporate bodies and committees is available on Galp's website under the tab for each corporate body and committee.



**63. Where to find the financial statements, which must be accessible for at least five years, and the half-yearly calendar of company events that is published at the beginning of every six-month period, including, among others, general meetings, disclosure of annual, half-yearly and, where applicable, quarterly financial statements.**

The financial statements are available for at least ten years on Galp's website at <https://www.galp.com/corp/en/investors/reports-and-presentations/reports-and-result>.

**64. Where to find the notice convening the General Meeting and all the related preparatory and subsequent information.**

The notice convening the General Meeting and all the related preparatory and subsequent information are available on Galp's website at <https://www.galp.com/corp/en/investors/information-to-shareholders/general-shareholders-meetings>

The calendar of corporate events is available on Galp's website at <https://www.galp.com/corp/en/investors/investor-support/investor-calendar>

**65. Where to find the past resolutions of the General Meetings, the percentage of share capital represented and the voting results for the previous three years.**

The record of the resolutions passed at the General Meetings, the percentage of share capital represented and the results of the votes can all be found on Galp's website at <https://www.galp.com/corp/en/investors/information-to-shareholders/general-shareholders-meetings>

## D. Remuneration

### I. Power to set remuneration

#### 66. Details of the power to set the remuneration of the corporate bodies, the members of the Executive Committee or the Chief Executive Officer and the officers of the Company.

The Remuneration Committee is the corporate body responsible for setting the amounts of remuneration payable to the members of Galp's corporate bodies and its Executive Committee, on the basis of the remuneration policy in force, approved by the General Meeting on 23 April 2021. The Remuneration Committee comprises three shareholders elected at the General Meeting who are not members of the Board of Directors or the Audit Board, pursuant to Article 8 of the By-laws, which states that those positions are incompatible.

Under Article 29-R(3) of the Portuguese Securities Code, the only persons who are classified as senior executives of Galp are the members of the Board of Directors and of the Audit Board.

### II. Remuneration Committee

#### 67. Composition of the Remuneration Committee, including details of any natural or legal persons that have been recruited to provide services to it and a statement on the independence of each member and advisor.

Galp's current Remuneration Committee was elected for the 2019-2022 term at the General Meeting of 12 April 2019 and has the following members:

- Amorim Energia BV (Chair)
- Jorge Armindo Carvalho Teixeira
- Joaquim Alberto Hierro Lopes

Member Joaquim Hierro Lopes was present at the 2021 Annual General Meeting in order to provide information or clarifications to shareholders on remuneration matters.

The fact that the non-executive directors – Paula Amorim, Marta Amorim, Francisco Teixeira Rêgo, Rui Paulo Gonçalves and Jorge Seabra – are members of Amorim Energia's Board of Directors does not affect their independence as members of the Remuneration Committee, since these members, individually or together, do not have the complete autonomy to make the decisions of the Board of Directors of Amorim Energia.

The Remuneration Committee Regulations set down an obligation for its members to promptly inform that body of any facts that may constitute or give

rise to a conflict of interest between the interests of the member in question and the Company's interests.

In addition, the Company approved internal regulations which are applicable, among others, to the members of the Remuneration Committee and which establish that members who have been identified as being in a conflict of interest must refrain from discussing, voting, making decisions, giving opinions, taking part in or exerting any influence on any decision-making process directly related to this conflict of interest, except for providing any necessary information or clarifications.

In 2021, the Remuneration Committee held six meetings and minutes were drawn up of these meetings.

In 2021, the Remuneration Committee did not engage any consultancy services, despite having that possibility when it considers it necessary, under Article 6 (3) of its Regulations and subject to the applicable conditions.

### **68. The Remuneration Committee members' knowledge and experience of remuneration policy issues.**

The members of the Remuneration Committee are familiar with remuneration policy matters owing to their academic background and extensive corporate experience. They are therefore considered suitable for discussing and deciding on all the matters that fall within the remit of the Remuneration Committee, as evidenced by their biographical data in Appendix 2 to this report.

Specifically, Remuneration Committee member Jorge Armindo Carvalho Teixeira has a long professional record that includes working in listed companies and holding management positions, including as chair, which has given him the appropriate knowledge about remuneration issues for corporate bodies in this type of company.

## **III. Remuneration structure**

### **69. Description of the remuneration policy for the Board of Directors and Audit Board provided for in Article 2 of Law No. 28/2009 of 19 June.**

The new Remuneration Policy of the governing bodies was submitted by the Remuneration Committee and approved by the General Meeting on 23 April 2021, outlining the processes for setting and implementing Galp's remuneration policy for 2021, as well as its general objectives and principles, in accordance with Law 50/2020, of 25 August and CMVM Regulation No. 4/2013 – which also takes into account the PICG Corporate Governance Code. This policy is available on Galp's website at:

[https://www.galp.com/corp/Portals/0/TC/Politica%20de%20Remuneracoes%20\(EN\).pdf](https://www.galp.com/corp/Portals/0/TC/Politica%20de%20Remuneracoes%20(EN).pdf)

The 2021 Remuneration Policy for executive directors maintains the principles of the remuneration policy for the 2019-2022 term of office.

Galp is now required to produce under the new article 26-G of the Portuguese Securities Code, specific information on the remuneration structure of the members of the company's corporate bodies. Reference is made to the fact that Galp approved its first remuneration policy under article 26-B in 2021 hence remunerations paid in 2021 and herein reported should be analysed in this context.

Taking into consideration that this is the first year that Galp produces and submits to the General Meeting the information required under article 26-G of the Portuguese Securities Code, it's not possible to comply with the last part of the referred article. In any case, the remuneration policy, as per article 26-B of the Portuguese Securities Code, was approved in the Annual General Meeting of

2021, with a clear majority of 98.88% of the issued votes. Hence, shareholders were in general satisfied with the terms of the remuneration policy.

A brief description of Galp's Remuneration Policy in 2021 is provided below.

### Board of Directors

Non-executive members - fixed monthly sum set by the Remuneration Committee in line with standard market practices and paid twelve times a year. This may be different in the case of the Chair of the Board of Directors in recognition of his/her special duties to represent the Company and in the case of the non executive members of the Board of Directors who have special supervisory and monitoring duties or integrate specialised committees.

The remuneration of the non-executive members of the Board of Directors does not include any amounts based on the performance or value of the Company.

Executive members - the remuneration of the executive members in 2021 included two components:

Fixed remuneration - monthly amount, paid fourteen times a year, set by the Remuneration Committee, taking into account the nature of the assigned duties and responsibilities and market practices for equivalent positions in comparable domestic and international companies.

Variable remuneration – dependent upon the achievement of certain economic, financial, operational and sustainability goals with a view of creating a competitive remuneration framework and implementing a system of rewards that ensures the alignment of the interest of the executive management with the interests of the Company and their respective stakeholders, from a long-term economic and financial sustainability perspective and which in turn is divided into:

a) Annual variable remuneration – the maximum potential cap represents 60% of the total variable remuneration, with the amount being set in line with the following indicators:

- Cash Flow From Operations (CFFO), weighted at 75%;
- Energy Production Growth, weighted at 10%;
- Total Recordable Injury Rate (TRIR), weighted at 10%;
- Carbon Intensity Index (CII), weighted at 5%.

*Three-yearly variable remuneration* – the maximum potential cap represents 60% of the total variable remuneration, with the amount being set in line with the following indicators:

- Cash Flow From Operations (CFFO), weighted at 55%;
- Total Shareholder Return (TSR) Galp vs. Peer Group comprising Total, Repsol, OMV and ENI, together with the PSI 20TR Index and the SXEGR Index – which are considered references in the national and European energy market, respectively – weighted at 25%;
- Return on Average Capital Employed (ROACE), weighted at 20%.

This policy contributes to the achievement of the Company's strategy by defining assessment criteria (indicators defined by the Remuneration Committee) aligned with the Company's strategic goals, as detailed below:

- Cash Flow from Operations (annual and multi year); Energy Production Growth (annual); ROACE (multiyear); TSR vs. Peer Group (multi-year):

Indicators' targets based on Business Plan: to scale-up Galp's renewables business, to deliver growth from upstream assets and accelerate the transformation of industrial and commercial activities, both underpinning a balanced capital allocation framework to enhance its portfolio, and deliver a competitive shareholder return

- Carbon Intensity Index (annual); Total Recordable Injury Rate (annual):

Indicators linked to the Internal Sustainability Strategic Plan and external commitments to accelerate Galp's decarbonisation path and to increase security awareness, ensuring a low risk level and the safety of people, the environment, and assets.

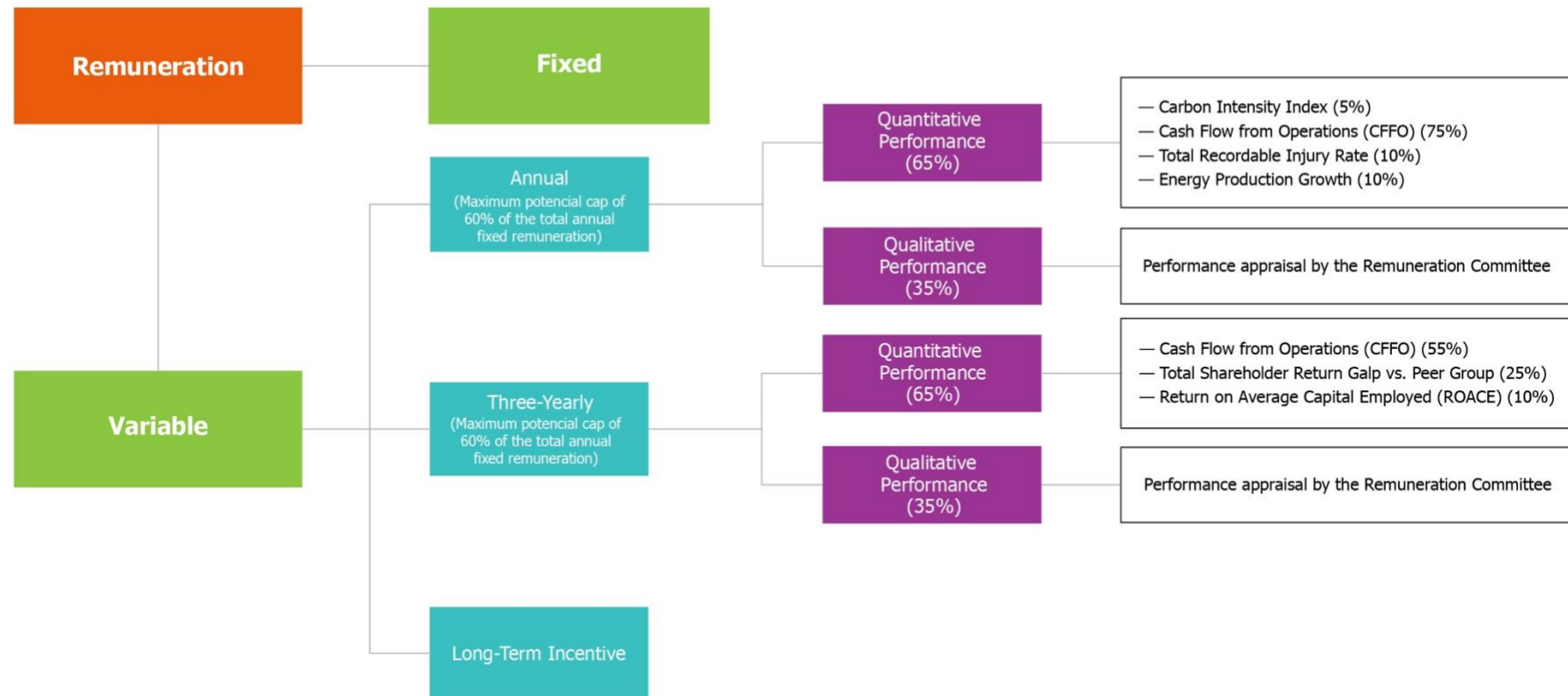
The above-mentioned indicators constitute 65% of the applicable annual and three-year variable remuneration. The remaining 35% of each variable remuneration component comes from the result of the Remuneration Committee's qualitative appraisal of the executive directors' annual activity or over the relevant three-year period, as the case may be, considering a holistic

vision of the achieved results, as well as the context in which the results were achieved.

The amount of annual variable remuneration for each year is determined by the Remuneration Committee in accordance with the achievement of specific previously defined goals, with the maximum potential cap of 60% of the total annual fixed remuneration for each variable remuneration component. This is in line with the generally recognised practice in the Portuguese market and internationally and is considered to represent a reasonable proportion between the variable annual fixed remuneration components.

In addition to the remuneration, benefits and conditions applicable to the other Executive Directors, the remuneration of the Chair of the Executive Committee of Galp is part of a long-term incentive through the right to a set of Galp shares, attributable after 3 years, as mentioned in the chapter 73 below.

The remuneration structure of the executive members of the Board of Directors is as follows:



### Other benefits

The executive members of the Board of Directors are entitled to a retirement savings plan or other similar financial product paid by Galp.

Each executive member of the Board of Directors also receives the fringe benefits available at Galp for the corresponding position, in accordance with the Company's terms and conditions, including the use of a vehicle and paid health and life insurance, more fully detailed in the Remuneration Policy.

For executive directors whose permanent residence is outside the area where the Company is based, the Remuneration Committee sets a housing allowance.

In the case of a court ruling against one or more members of the Executive Committee for unlawful action which results or has resulted in a restatement or impairment of the financial statements in terms detrimental to the Company, the Remuneration Committee may ask the Board of Directors to adopt the adequate measures to clawback the variable remuneration paid to the member or members in question that it deems appropriate for the period of the said unlawful action.

Without prejudice to the information contained in item 80 below related to amounts paid to directors as compensations for early termination from office, there were no divergent situations from the rules for implementing the remuneration policy.

### Audit Board

The remuneration of the members of the Audit Board consists of a fixed monthly sum paid twelve times a year, with the Chair of the Audit Board receiving higher remuneration by virtue of the special duties performed in that office.

The remuneration of the Audit Board members does not include a variable component.

### Statutory Auditor

The Statutory Auditor is remunerated for the review and legal certification of the Company accounts in the amount established by contract in accordance with normal market conditions.

### Board of the General Meeting

The remuneration of the members of the Board of the General Meeting is a fixed annual sum set by the Remuneration Committee, which is different for the Chair, Vice-Chair and the Secretary. It is based on the Company's financial position and market practices.

## **70. Information on how remuneration is structured so as to enable the interests of the members of the Board of Directors to be aligned with the Company's long-term objectives, as well as information on how it is based on the performance appraisal and how it discourages excessive risk-taking.**

In order to achieve greater alignment between the activities of the directors and the Company's long-term objectives, a policy for establishing multi-annual goals was introduced in 2012, reinforced in 2019 and maintained in 2020 and 2021.

According to the remuneration policy described in Section 69 of this report, the variable remuneration of directors holding executive positions includes both

annual and three-year variable components, with the same weighting (each with a potential cap of 60% of the total annual fixed remuneration).

This weighting is based on the performance appraisal conducted by the Remuneration Committee using specific, measurable and pre-defined criteria which, together, take into account the Company's sustainability and growth indicators and the wealth that has been created for shareholders in a sustained manner over the short, medium and long term, with a three-year time lag in relation to the year in question in the case of the multi-annual component, under the terms of the 2021 Remuneration Policy described above.

Accordingly, the use of qualitative criteria oriented towards a strategic medium-term perspective in the development of the Company, the three-year period used for setting the multi-annual variable remuneration amount and the existence of a cap on variable remuneration are all key elements in fostering management that is aligned with the medium and long-term interests of the Company and its shareholders.

The executive members of the Board of Directors may not enter into contracts, either with the Company or with third parties, which have the effect of

mitigating the risk inherent to the variable remuneration set for them by the Company.

In addition, the remuneration of the Chair of the Executive Committee of Galp includes a long-term incentive through the right to a set of Galp shares, attributable after 3 years. Taking into consideration the remuneration structure described above, particularly the balance between fixed and variable remuneration, the existence of both annual and three-year variable remuneration and the criteria for determining the variable remuneration, Galp considers that its remuneration mechanism permits an alignment between the interests of the Company and those of its executive directors by incentivising long-term sustainable growth and avoiding short-termism as well as excessive risk taking.

The table hereunder provides the annual change in the remuneration of directors, company performance and average remuneration of employees during the last five financial years as referred in the article 26.º-G (2) (c) of the Portuguese Securities Code:



Annual Change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
<b>Director's Remuneration</b>					
Andy Brown <sup>1</sup>	-	-	-	-	-
Thore Kristiansen	8.5%	1.1%	0.3%	4.1%	-16.2%
Carlos Costa Pina	1.8%	1.2%	-0.7%	4.6%	-16.9%
Filipe Silva	1.8%	1.2%	-0.7%	4.6%	-16.9%
Teresa Abecasis <sup>2</sup>	-	-	-	-	-
Carlos Gomes da Silva <sup>6</sup>	5.1%	3.0%	1.3%	5.0%	120.4%
José Carlos Silva <sup>6</sup>	36.8%	0.9%	-5.3%	6.1%	55.9%
Sofia Tenreiro <sup>6</sup>	-	-	-	80.2%	34.3%
Susana Quintana-Plaza <sup>6</sup>	-	-	-	58.3%	32.1%
<b>Non- Executive Directors</b>					
Paula Amorim <sup>3</sup>	-	-	-	-	-
Miguel Athayde Marques	69.7%	17.8%	15.4%	5.2%	0.0%
Marta Amorim	373.7%	0.0%	10.3%	-9.3%	0.0%
Francisco Teixeira Rêgo	-	-	10.3%	-9.3%	0.0%
Jorge Seabra <sup>5</sup>	0.0%	0.0%	71.9%	16.3%	0.0%
Rui Paulo Gonçalves <sup>5</sup>	0.0%	0.0%	71.9%	16.3%	0.0%
Diogo Tavares <sup>5</sup>	0.0%	0.0%	71.9%	16.3%	0.0%
Luis Todo Bom <sup>5</sup>	0.0%	0.0%	82.2%	17.6%	0.0%
Carlos Pinto	-	-	-	39.0%	0.0%
Edmar de Almeida	-	-	-	39.0%	0.0%
Cristina Fonseca <sup>5</sup>	-	-	-	39.0%	204.0%
Adolfo Mesquita Nunes <sup>5</sup>	-	-	-	158.9%	-6.0%
Javier Cavada <sup>4</sup>	-	-	-	-	-
<b>Company Performance</b>					
Cash Flow from Operations	N/A	N/A	+19% YoY	-46% YoY	+73%
Energy Production Growth	N/A	N/A	+14% YoY	+10% YoY	+2.6%
Total Recordable Injury Rate	N/A	N/A	-39% vs. avg. 5 year	-57% vs. avg. 5 year	-12%
Carbon Intensity Index	N/A	N/A	-0.1% YoY	-0.3% YoY	-1.4%
TSR Galp vs Peer Group	-2.8 p.p	-5.5 p.p	N/A	N/A	N/A

Annual Change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
EBITDA RC	+12% vs. Target	+5% vs. Target	N/A	N/A	N/A
<b>Average remuneration on a full-time equivalent basis of employees</b>					
Employees of the Company <sup>7</sup>	N/A	N/A	N/A	N/A	N/A
Employees of the Group	3.1%	1.5%	1.7%	-0.8%	3.8%

<sup>1</sup>Andy Brown only joined the Board of Directors on 5 February 2021

<sup>2</sup>Teresa Abecasis only joined the Board of Directors Galp on 23 July 2021.

<sup>3</sup>Paula Amorim never received any remuneration.

<sup>4</sup>Javier Cavada only joined the Board of Directors on 17 December 2021.

<sup>5</sup>Variations consider to the appointment of specialized committees of the Board of directors or following specific markets or themes

<sup>6</sup>Please refer to the information in the table included in number 77 hereunder.

<sup>7</sup>There are no employees in the Company.

## 71. Reference, where applicable, to any variable remuneration component and information regarding any impact of the performance appraisal on this component.

The total variable remuneration for each year is set by the Remuneration Committee based on the fulfilment of pre-defined indicators.

The above-mentioned indicators constitute 65% of the applicable annual and three-year variable remuneration.

The remaining 35% of each variable remuneration component comes from the result of the Remuneration Committee's qualitative appraisal of the executive directors' annual activity or over the relevant three-year period, as the case may be, within the context of appropriate carbon-intensity management.

In order to ensure consistency between the release of cash flow and the total variable remuneration paid, this is dependent on Galp's cash flow from operations. Thus, if the Company has a CFFO lower than 80% of the targets for the respective year, no variable remuneration will be paid.

The three-year variable remuneration represents a potential cap of 50% of the total variable remuneration, which is in line with generally recognised practices in the national market and with the applicable framework for banking institutions laid down in Annex II(1)(n) of Directive 2011/61/EU, of 8 June 2011, which sets a minimum amount of 40% for deferred variable remuneration. The remuneration of the Chairman of the Executive Committee of Galp also includes a long-term incentive as mentioned in chapter 73.

The determination of the annual and the three-year variable remuneration may consider adjustments that are reasonable regarding exogenous factors and unforeseen economic decisions, as well as those necessary to ensure comparability, that is appropriate to encourage management objectives, as previously defined by the Remuneration Committee.

Considering the context of a sharp decrease in demand and a lower, and more volatile, commodity macro environment in 2020, a calibrator was applied to the CFFO 80% requirement mentioned above.

In 2021, no variable remuneration has been reclaimed under the clawback provision provided for in the remuneration policy. (article 26-G b) of the Portuguese Securities Code).

## 72. Deferred payment of the variable remuneration component and the relevant deferral period.

In order to best stimulate the alignment of the executive directors' practices with the Company's long-term sustainable interests, a multi-annual objective policy was introduced in 2012 to come into force in 2013. This policy defers, for a period of three years, a significant portion of the variable remuneration payment, which remains associated with and dependent on the performance of the Company during this period and is in line with Recommendation V.2.8. of the PICG Code, which also recommends a payment deferral of three years.

Each year, objectives are set for the following three-year period, with the three-year appraisal being made at the end of each three-year period. The first three-year period for which multi-annual objectives were set was 2013–2015. In 2021, the 2018–2020 three-year period was assessed, and no remuneration was attributed or paid.

The three-yearly variable remuneration is set annually by the Remuneration Committee, which establishes a provisional amount based on an assessment of each year of the three-year period. However, the actual deferred amount of the three-year variable remuneration depends on: (I) the fulfilment of the overall objectives for the three-year period in question; and (II) a qualitative appraisal conducted by the Remuneration Committee, which means that the provisional amounts set in the first year of the three-year period may be reduced or increased at the end of the three-year period in question, as a result of the appraisal.

## 73. Criteria on which the allocation of variable remuneration in shares is based, as well as the criteria for the executive directors to keep these shares and for entering into contracts in respect of these shares, including hedging or risk transfer contracts, the corresponding limit and the proportional relationship to the total annual remuneration.

The remuneration of the Chairman of the Executive Committee of Galp also includes a long-term incentive through the right to receive for free an amount of Galp shares, attributable after 3 years.

In 2021, no shares have been attributed, considering shares will only be provisionally attributed in 2022 with reference to 2021.

Please see below a summary of the conditions to the exercise of the right to receive shares in the future.

The number of shares provisionally allocated in each year will be calculated based on the average price of Galp shares in Euronext Lisbon during the 10 (ten) business days following the announcement to the market of the results of the preceding tax year, with the overall nominal value of these shares being equivalent to 60% of the gross annual fixed remuneration of the Chairman of the Executive Committee of Galp.

The number of shares effectively attributed, at the end of the 3-year period, will be calculated by multiplying the number of provisional shares attributed by a performance factor, graded from 0 to 2.25, based on the following 3 categories, all with the same relative weight:

- (i) Total Shareholder Return (TSR);
- (ii) Peer ranking in terms of TSR and growth of Cash Flow From Operations, using EDP, Repsol, OMV, ENI and Total as a Peer Group;
- (iii) Carbon Intensity Index (CII).

Performance is evaluated, regarding the first category, by applying a compound formula that considers the variation of the Galp share price and the value of dividends distributed per share over the 3 reference years. The evaluation of the second category, in turn, is carried out by comparing the performance of the Company in the two sub-indicators with the aforementioned Peer Group. Finally, the assessment of the third category is made by reference to the CO<sub>2</sub> intensity reduction goals in force.

If the TSR is negative at the end of the 3-year period, the long-term incentive will not be due. The value of the long-term incentive that is calculated may be liquidated through the delivery of shares or in cash, being, in any case, increased by an amount equivalent to the dividends distributed, by reference to the 3 years in question, corresponding to the number of shares effectively allocated.

In addition to the long-term incentive of the Chairman of the Executive Committee, Galp Remuneration Policy in 2021 sets out that the payment of variable remuneration to the remaining executive directors may be partially carried out through shares or stock options plans, or other payment methods, to be approved in internal regulations by the Remuneration Committee, which in the first case must establish, among other things, the number of shares or stock options granted, and the main conditions for the exercise of the respective rights, including the price and date of that exercise and any change in those conditions. No plans have been approved until this moment and

therefore no remuneration in shares is for the moment applicable to other executive directors.

#### **74. Criteria on which the allocation of variable remuneration in options is based and the details of the deferral period and price at which these are exercised.**

Galp currently has no system for allocating variable remuneration in options or other financial instruments directly or indirectly depending on its value.

#### **75. Key factors and grounds for any annual bonus scheme and any other non-pecuniary benefits.**

Galp has no established annual bonus scheme apart from the variable remuneration described above.

Executive directors are entitled to the use of a car and to health and life insurance, as also described above.

#### **76. Key characteristics of supplementary pension or early retirement schemes for directors and the date on which the individual schemes were approved by the General Meeting.**

The Remuneration Committee, under Article 8 of the By-laws, has the power to approve the pension or additional pension that is attributed to the executive directors and paid by the Company.

The 2021 Remuneration Policy approved by the General Meeting and described in Section 69 of this report provides for a savings retirement product or other similar financial product to be attributed through a payment to be made by Galp.

This savings plan entails no future costs for Galp as it consists only of an amount to be attributed for financial investment for so long as the members of the Executive Committee hold office and it does not fall within Article 402(1) of the CSC.

## IV. Remuneration disclosure

### 77. Details of the amount of annual remuneration earned, in total and individually, by the members of the Board of Directors and paid by the Company, including fixed and variable remuneration and, as regards the latter, the different components that gave rise to the same.

This section refers to article 26-G(2)(a) of the Portuguese Securities Code and includes all remuneration effectively paid in 2021, as per the table below:

The table below shows the itemised gross individual remuneration paid during 2021 to each member of the Board of Directors (€):

#### Executive Directors

							Eur	
Name	Position	Gross fixed remuneration	Gross Variable annual remuneration (2020) <sup>3</sup>	Gross variable multiannual (triennium 2018-2020) <sup>1,3</sup>	Others <sup>2</sup>	Gross total remuneration	Proportion of fixed and variable remuneration (FR/VR)	
ANDY BROWN	CEO	887,803.03	0.00	0.00	348,617.35	1,236,420.38	100%/0%	
THORE KRISTIANSEN	Executive Director	490,000.00	98,000.00	0.00	216,871.33	804,871.33	87.8%/12.2%	
FILIPE SILVA	Executive Director	420,000.00	84,000.00	0.00	105,000.00	609,000.00	86.2%/13.8%	
TERESA ABECASIS	Executive Director	188,709.68	0.00	0.00	50,302.42	239,012.10	100%/0%	
CARLOS GOMES DA SILVA	EX-CEO	158,333.33	0.00	0.00	3,958,223.30	4,116,556.63	8.9%/91.1%	
CARLOS COSTA PINA	EX-Executive Director	420,000.00	84,000.00	0.00	105,000.00	609,000.00	86.2%/13.8%	
JOSÉ CARLOS SILVA	EX-Executive Director	249,758.07	84,000.00	0.00	1,054,800.60	1,388,558.67	29.1%/70.9%	
SOFIA TENREIRO	EX-Executive Director	241,450.37	84,000.00	0.00	592,001.92	917,452.29	41.8%/58.2%	

							Eur
Name	Position	Gross fixed remuneration	Gross Variable annual remuneration (2020) <sup>3</sup>	Gross variable multiannual (triennium 2018-2020) <sup>1,3</sup>	Others <sup>2</sup>	Gross total remuneration	Proportion of fixed and variable remuneration (FR/VR)
SUSANA QUINTANA-PLAZA	EX-Executive Director	249,758.07	84,000.00	0.00	677,922.17	1,011,680.24	43.5%/56.5%
<b>Total</b>		<b>3,305,812.55</b>	<b>518,000.00</b>	<b>0.00</b>	<b>7,108,739.09</b>	<b>10,932,551.64</b>	<b>N/A</b>

<sup>1</sup>Considering the assessment of the performance indicators for the multiannual 2018-2020 variable remuneration approved by the Remuneration Committee, no payment was due to the executive directors with reference to this component.

<sup>2</sup>Under "Others" are included pensions and benefits such as house allowance, executive directors and severance amounts paid in 2021 to the four executive directors who resigned in 2021: (i) Carlos Gomes da Silva: €3,750,000.00; (ii) José Carlos Silva: €900,000.00; (iii) Sofia Tenreiro: € 450,000.00 (to this amount will accrue in 2022 €450,000.00); and (iv) Susana Quintana-Plaza: € 487,862.33 (to this amount will accrue in 2022 487,862.33).

To these amounts will accrue a potential variable annual and multiannual remuneration proportional to the period in which each of the directors discharged functions, in accordance with the Remuneration Policy and as eventually determined by the Remuneration Committee, herein regarding the directors José Carlos Silva, Sofia Tenreiro and Susana Quintana-Plaza, as well as house allowance.

<sup>3</sup>Considering the overall economic context related to the covid-19 pandemic and its effects on the economy and for the purposes set out in article 26-G(2)(g) of the Portuguese Securities Code, the CFFO criteria has been subject to specific adjustments as foreseen in the remuneration policy.

### Non-executive directors

			Eur
Name	Position	Gross fixed remuneration	
PAULA AMORIM <sup>1</sup>	Non-executive Chairman	0.00	
MIGUEL ATHAYDE MARQUES	Non-executive Director	102,000.00	
MARTA AMORIM	Non-executive Director	42,000.00	
FRANCISCO TEIXEIRA RÊGO	Non-executive Director	42,000.00	
JORGE SEABRA	Non-executive Director	84,000.00	
RUI PAULO GONÇALVES	Non-executive Director	84,000.00	
DIOGO TAVARES	Non-executive Director	84,000.00	
LUIS TODO BOM	Non-executive Director	90,000.00	
CARLOS PINTO	Non-executive Director	84,000.00	
EDMAR DE ALMEIDA	Non-executive Director	84,000.00	
CRISTINA FONSECA <sup>2</sup>	Non-executive Director	145,900.00	
ADOLFO MESQUITA NUNES	Non-executive Director	84,000.00	
JAVIER CAVADA	Non-executive Director	3,387.10	
<b>Total</b>		<b>929,287.10</b>	

<sup>1</sup> The Chair of the Board of Directors donated the full amount of her remuneration to the Galp Foundation.

<sup>2</sup> The figure shown includes correction payment for the amount due for 2020.

## 78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship or under common control.

The remuneration of Galp directors includes all the remuneration owed in respect of their positions on the board of directors of Galp Group companies. Accordingly, no amounts were paid in this respect by companies in a control or group relationship or under common control.

## 79. Remuneration paid in the form of profit-sharing and/or bonus payments and the reasons why bonuses and/or profit-sharing were awarded.

Galp has no other remuneration system for its directors in the form of profit-sharing and/or payments of bonuses.

## 80. Severance paid or owed to former executive directors in respect of the termination of their duties during the financial year.

The remuneration policy makes no provision for an indemnity or severance pay to be awarded to directors for termination of their duties, without prejudice to the laws in force on this matter and, therefore, no director may claim a larger amount of compensation or indemnity than that resulting from the provisions of the law.

The Remuneration Policy and the resolutions of the Remuneration Committee are the appropriate and necessary legal instruments for determining the non-claimable nature of such amounts.

During 2021, four executive directors – Carlos Gomes da Silva, Carlos Silva, Sofia Tenreiro and Susana Quintana-Plaza – terminated their duties by resignation ahead of the end of the current 2019-2022 term of office. Further to such resignations, a termination agreement was executed with each of the directors on the amounts to be paid. These amounts are included under “others” in the table included in section 77 above and detailed in the respective note and should be considered regarding the provision of the article 26-G(2)(g) of the Portuguese Securities Code.

## 81. Details of the annual remuneration earned, in total and individually, by the members of the Company's supervisory body, for the purposes of Law 28/2009, of 19 June.

The aggregate remuneration paid to the members of the Audit Board in 2021, as per the terms set by the Remuneration Committee, was €144,000.

The individual remuneration amounts paid in 2021 to the current members of the Audit Board were as follows:

Name/Position	Gross fixed remuneration (€)
José Pereira Alves (Chair)	60,000
Maria de Fátima Geada (Member)	42,000
Pedro Antunes de Almeida (Member)	42,000

As provided for in 26-G (2) (b) of the Portuguese Securities Code, the table hereunder provides the annual change in the remuneration of the members of the Company's Supervisory Board, company performance and average remuneration of employees during the last five financial years as referred in the article:

Annual Change	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
<b>Remuneration Members of the Audit Board</b>					
José Pereira Alves <sup>1</sup>	-	-	-	39.0%	0.0%
Pedro Antunes de Almeida	0.0%	0.0%	48.0%	12.6%	0.0%
Maria de Fátima Geada <sup>1</sup>	-	-	-	39.0%	0.0%
<b>Company Performance</b>					
Cash Flow from Operations	N/A	N/A	+19% YoY	-46% YoY	+73%
Energy Production Growth	N/A	N/A	+14% YoY	+10% YoY	+2.6%
Total Recordable Injury Rate	N/A	N/A	-39% vs. avg. 5 year	-57% vs. avg. 5 year	-12%
Carbon Intensity Index	N/A	N/A	-0.1% YoY	-0.3% YoY	-1.4%
TSR Galp vs Peer Group	-2.8 p.p	-5.5 p.p	N/A	N/A	N/A
EBITDA RC	+12% vs. Target	+5% vs. Target	N/A	N/A	N/A
<b>Average remuneration on a full-time equivalent basis of employees</b>					
Employees of the Company <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Employees of the Group	3.1%	1.5%	1.7%	-0.8%	3.8%

<sup>1</sup> Appointed at 12 of April of 2019.

<sup>2</sup> No employees in the company.



## 82. Details of the remuneration of the Chair of the General Meeting in the year of reference.

In 2021, the Chair of the Board of the General Meeting received €3,000 in remuneration.

## V. Agreements with implications for remuneration

### 83. Any established contractual limits on the indemnity payable for the unfair dismissal of directors and its relationship with the variable component of the remuneration.

In accordance with the 2021 remuneration policy, Galp has no agreements in place that provide for payments in the event of the unfair dismissal of a director. The amounts due are determined by the applicable statutory provisions, but no remuneration is paid in respect of the variable component if the cash flow from operations of the Galp Group is below 80% of the annual target.

For details on the severance amounts paid in 2021 please refer to sections 80 and 77.

### 84. Reference to the existence and description, with details of the sums involved, of agreements between the Company and the members of the Board of Directors and senior managers, within the meaning of Article 29-R(3) of the Portuguese Securities Code, which make provision for severance pay in the event of resignation, unfair dismissal or termination of employment following a successful takeover bid (Article 29-H(1)(I)).

Galp is not a party to any agreement with the members of the Board of Directors or senior managers, within the meaning of Article 29-R (3) of the Portuguese Securities Code, which provides for a future severance pay in the event of resignation, unfair dismissal or termination of the employment relationship following a change in the control of the Company. In 2021 agreements were executed with the four executive directors who resigned, in order to have a legal document stating clearly all the amounts due and already paid under the applicable law. For further detail please refer to sections 80 and 77.

## VI. Share and/or stock option plans

### 85. Details of the plan and the beneficiaries.

Galp has no stock option plans.

**86. Characteristics of the plan (eligibility, non-transferability of share clauses, criteria for share pricing and exercising the price options, a period during which the options may be exercised, characteristics of the shares or options to be awarded and the existence of incentives to purchase shares and/or exercise options).**

As mentioned, Galp has no stock option plans.

With reference to the above-mentioned mechanism applicable to the Chairman of the Executive Committee for partial payment of the long-term incentive through shares of the Company: the shares will be received (and can only be transferred) at the end of the three-year plan and after the performance evaluation.

In addition to the long-term incentive of the Chair of the Executive Committee, the payment of the remaining variable remuneration may be partially carried out through shares or stock options plans, or other payment methods, to be approved in internal regulations by the Remuneration Committee, which in the first case must establish, among other things, the number of shares or stock options granted, and the main conditions for the exercise of the respective rights, including the price and date of that exercise and any change in those conditions. However, no plan has been approved yet.

**87. Stock option plans for the Company's employees and staff.**

Galp has no share option plans.

**88. Control mechanisms envisaged for a possible employee-shareholder system since voting rights are not directly exercised by these employees (Article 29-H(1)(e)).**

Galp has no employee-shareholder system.

## **E. Transactions with related parties**

### **I. Control mechanisms and procedures**

**89. Mechanisms implemented by the Company for the purpose of controlling related-party transactions (to this end, reference is made to the IAS 24 concept).**

In order to safeguard the Galp Group's interests in situations involving potential conflicts of interest, Galp has adopted internal rules for controlling transactions between Galp (or its subsidiaries or other companies which are under its management control, i.e. "Galp Group entities") and related parties in order to comply with the relevant accounting standards, in particular IAS 24 and Law 50/2020, of 25 August.

These internal procedures impose the following principles:

- (i) Any contractual commitment between any Galp Group entities and any related party must be carried out within the current activity of the Galp Group entity concerned and at arm's length.
- (ii) The execution by any Galp Group entities and a related party of any relevant transactions (as described below) requires the approval of the Executive Committee or the Board of Directors and the prior opinion of the Audit Board (see Section 91 below for further details about the applicable procedure).
- (iii) The execution by any Galp Group entity and a related party of any relevant transactions (as described below) which have a single financial value in excess of €20 million or which are carried out outside the current activity of Galp group entity concerned or under conditions other than normal market conditions requires the prior approval of the Board of Directors, and the Executive Committee must approve transactions with related parties which do not meet these criteria.
- (iv) All other transactions with related parties are verified afterwards and periodically by the Audit Board.

To this end, relevant transactions include, in particular: (I) financial investments, funding, shareholder's loans, providing guarantees, the acquisition or sale of products and services, as well as the supply of energy products and other similar transactions with a financial value exceeding €10 million (with certain exceptions); (II) the acquisition or disposal of shareholdings or other assets; (III) transactions not carried out in the ordinary course of business of the Galp Group entity concerned or under normal market conditions; and (IV) any other transactions with a high risk of conflict of interest.

## 90. Details of transactions that were subject to control during the reference year.

In 2021 there were no related-party transactions subject to the previous control of the Audit Board.

## 91. Description of the procedures and criteria applicable to the Audit Board when it provides a preliminary assessment of the transactions to be carried out between the Company and the holders of qualifying holdings or entities in any relationship with them, pursuant to Article 20 of the Portuguese Securities Code.

For Galp to engage in transactions with related parties, as defined by IAS 24, it requires the prior opinion of the Audit Board, in accordance with the law and internal regulation entitled "Galp Group Transactions with Related Parties", in order to safeguard the Galp Group's interest in potential conflict-of-interest situations, without prejudice to compliance with the law. This regulation is available at: <https://www.galp.com/corp/Portals/0/TC/NT-026-Galp%20Group%20Related%20Parties%20Transactions.pdf>

This regulation applies to any transactions between Galp (or any Galp Group entity) and related parties.

The Company Secretary is required to submit the proposal for any relevant related-party transaction to the Audit Board for its prior opinion, together with the supporting information, including, in particular, its financial value, the contractual formation procedures that are to be adopted and a demonstration that the transaction conditions are in line with the current activity of the Galp

Group entity concerned and normal market conditions, and, in the case of transactions that are not carried out in the ordinary course of business of the Galp Group entity concerned and/or that are not carried out under normal market conditions, this must be stated and grounds must be included as to the fair and reasonable nature of the transaction from the point of view of the Company and the unrelated shareholders, including minority shareholders.

The Audit Board must issue a prior opinion within five business days.

In urgent and unusual cases, approved in advance and duly justified in accordance with the applicable approval rules, when it is not feasible or possible to obtain the favourable prior opinion of the Audit Board without a significant loss of value in the relevant transaction for the Galp Group, the opinion must be requested immediately afterwards, with the exception of transactions not carried out in the current activity of the Galp Group entity concerned or under normal market conditions.

If the Audit Board issues a negative prior opinion, the Board of Directors of the relevant Group Company may decide to go forward with the transaction, on the grounds that it is in pursuit of the corporate interests of Galp or of the Galp Group entity, and such negative opinion should be disclosed, where applicable.

Related-party transactions that are not subject to prior opinion are communicated to the Audit Board on a six-monthly basis, in order to confirm that they were carried out in the ordinary course of business of the relevant Galp Group entity and under normal market conditions, with the related parties not taking part in the relevant verification.

## II. Transaction data

### 92. Where to find the financial statements, including information on transactions with related parties, in accordance with IAS 24 – or, alternatively, reproduction of this information.

Information on any related-party transactions, in accordance with IAS 24, is available in Note 29 to the Consolidated Accounts.

# Corporate governance assessment

## I. Identification of the Corporate Governance Code adopted

For the purposes of Article 2 of CMVM Regulation No. 4/2013, Galp voluntarily decided to follow the Corporate Governance Code of the Portuguese Institute of Corporate Governance, as approved in 2018 and reviewed in 2020 and available on its website at [Códigos de Governo \(cgov.pt\)](http://Codigo.gov.pt).

## II. Analysis of compliance with the adopted Corporate Governance Code

The Company has adopted 44 of 45 applicable recommendations of the PICG Corporate Governance Code.

The justification for the adoption of each recommendation (or sub-recommendation, if split) and the reference to the section or sections of the chapter in this report where the matter is addressed (Section) are given in the table below, including an explanation as to why a certain recommendation was not adopted or is not applicable, as well as an indication of any alternative mechanism selected by the Company to pursue the same objective as the relevant recommendation (*explain* is equivalent to *comply*).

The classifications highlighted below already take into account the assessment conducted by the Oversight and Monitoring Executive Committee of Galp's Governance Report for 2020.



PICG Recommendation	Comply or explain	Relevant section of this report
<b>Chapter I General provisions</b>		
<b>I.1. Company's relationship with investors and disclosure</b>		
I.1.1. The Company should establish mechanisms to properly and thoroughly ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted.	Sections 38, 56 and 59 to 65
<b>I.2. Diversity in the composition and functioning of the company's governing bodies</b>		
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted.	Section 19
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn up.	Adopted.	Sections 22, 23, 27, 29, 34, 35, 61 and 67
I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted.	Section 62
I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.	Adopted.	Section 49
<b>I.3. Relationships between the corporate bodies</b>		
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted.	Sections 15 and 38
I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted.	Sections 15, 29 and 38
<b>I.4. Conflicts of interest</b>		
I.4.1. The members of the managing and supervisory boards and the internal committees are bound, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Adopted.	Sections 26, 38 and 67

PICG Recommendation	Comply or explain	Relevant section of this report
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Adopted.	Sections 26, 38 and 67
<b>I.5. Related-party transactions</b>		
I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	Adopted.	Sections 89 and 91
I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Not Applicable. <sup>1</sup>	n/a
<b>Chapter II Shareholders and general meetings</b>		
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted <sup>2</sup> .	Sections 5 and 12
	<p>Explain, equivalent to adoption.</p> <p>The statutory provisions requiring approval by two-thirds of the votes are not intended to make it more difficult for shareholders to take decisions, nor is this an anti-takeover defence mechanism that harms the market for control (which in Galp is not limited). The purpose is to ensure adequate representation of shareholders, particularly minority shareholders, when approving resolutions on issues of strategic importance to the Company and on fundamental matters of Galp, which characterise its essence, and to avoid the classic problem of agency. This mechanism was therefore created with the main goal of protecting the Company itself, ensuring its stability, as well as the minority shareholders in nuclear matters for Galp and adequate shareholder involvement in corporate governance as an instrument for the efficient operation of the company and the achievement of its corporate purpose, which can be read in the sense that it is intended to ensure a broad involvement and consensus of shareholders on structuring issues. It should also be noted that the application of a quorum for a resolution of two thirds on a second call is only required for</p>	Section 14
II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.		

<sup>1</sup> In accordance with paragraph 7) of Note no. 3 on Interpretation of the IPCG Corporate Governance Code

<sup>2</sup> The second sub-recommendation is not applicable, since Galp complies with the first sub-recommendation by adopting the "one share, one vote" principle.

PICG Recommendation	Comply or explain	Relevant section of this report
	issues which, as they are strategic and of the utmost importance to the Company, the law itself requires for resolutions on the same matter on the first notice.	
II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.	Adopted.	Section 12
II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	Adopted.	Section 12
II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not applicable. Galp's statutes do not provide for such a limitation.	Section 13
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Adopted.	Section 4
<b>Chapter III Non-Executive management, monitoring and supervision</b>		
III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor with the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Adopted.	Section 18
III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters, should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	Adopted. <sup>3</sup>	Sections 18 and 31
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Adopted.	Section 18
III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;	Adopted.	Section 18

<sup>3</sup> It should be noted that the part of this recommendation referring to the financial matters committee is not applicable, since the issuer has not adopted the Germanic structure, in accordance with article 278(1)(c) and (4) of the Portuguese Companies Code, and therefore does not have a financial matters committee.



PICG Recommendation	Comply or explain	Relevant section of this report
<p>ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;</p> <p>iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;</p> <p>iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;</p> <p>v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings; or</p> <p>vi. having been a qualified holder or representative of a shareholder of a qualifying holding.</p>		
III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Not applicable. There are no directors under these conditions.	
III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.	Adopted.	Section 38
III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.	(i) Not Adopted, as to the corporate governance committee <sup>4</sup>	Sections 16, 24, 27, 69 and 70
	(ii) Not adopted, as to the appointments and performance assessment committee <sup>5</sup>	
	(iii) Adopted, as to the remuneration committee The Remuneration Committee, elected under the terms of Article 399 of the Companies Code, is the competent body to carry out the performance evaluation under the terms of the Remuneration Committee Regulations.	
<b>Chapter IV Executive management</b>		
IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	Adopted.	Section 26

<sup>4</sup> As per CEAM assessment on the prior corporate governance report

<sup>5</sup> As per CEAM assessment on the prior corporate governance report

PICG Recommendation	Comply or explain	Relevant section of this report
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in regard to: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted.	Section 29
IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and what the main contributions are resulting therein for the community at large.	Adopted.	Attachment to the Annual Management Report on Non-financial Reporting
<b>Chapter V Evaluation of performance, remuneration and appointment</b>		
<b>V.1. Annual evaluation of performance</b>		
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted.	Section 24
<b>V.2. Remuneration</b>		
V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.	Adopted.	Sections 66 and 67
V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	Adopted.	Section 66
V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	Adopted.	Sections 76 and 83
V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted.	Section 67
V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	Adopted.	Section 67
V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorisation of the committee.	Adopted.	Section 67

PICG Recommendation	Comply or explain	Relevant section of this report
V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Adopted.	Sections 69 to 71
V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Adopted.	Section 72
V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable. Currently, the variable remuneration does not include the granting of options or other instruments that are directly or indirectly dependent on the value of the shares.	Sections 73 and 74
V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted.	Section 69
<b>V.3. Appointments</b>		
V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies be accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Adopted.	Sections 16 and 19
V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	Not applicable. With regard to the appointment of managers, pursuant to Article 248(3)(b) of the Portuguese Securities Code (in line with which this recommendation should read), the only persons who are classified as Galp's managers are the members of the Board of Directors and the Audit Board (and who are therefore assessed by the Remuneration Committee). Thus, there are no executive officers in the light of the definition of the Glossary of the Corporate Governance Code of the Portuguese Institute of Corporate Governance.	
V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	Not applicable. Referring to the same committee as set out in recommendation V.4.2, this recommendation is also considered not to apply. In addition, the Board of Directors has not appointed any committee to deal with issues related to the appointment of its members or members of other corporate bodies of the Company, and	

PICG Recommendation	Comply or explain	Relevant section of this report
	therefore, even if the Recommendation also referred to the committee provided for in Recommendation III.7, it would not be applicable either.	
V.3.4. The nomination committee should make its terms of reference available and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Not applicable. Referring to the same committee as set out in recommendation V.4.2 (as confirmed by paragraph 20) of interpretative note No 3), this recommendation is also considered not applicable.	
<b>Chapter VI Internal control</b>		
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.	Adopted.	Section 51
VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks that are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted.	Section 38 and 51
VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	Adopted.	Section 51, 52 and 54
VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	Adopted.	Section 38
VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Adopted.	Section 38 and 51
VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.	Adopted.	Section 51, 52 and 54
VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	Adopted.	Section 38, 51, 52 and 54

PICG Recommendation	Comply or explain	Relevant section of this report
<b>Chapter VII Financial information</b>		
<b>VII.1. Financial information</b>		
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Adopted.	Section 38
<b>VII.2. Statutory audit of accounts and supervision</b>		
VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	Adopted.	Sections 38, 44, 45, 46
VII.2.2. The supervisory body should be the main interlocutor with the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Adopted.	Section 38
VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Adopted.	Section 38

# Appendices

## Biographies and positions held in other companies by the members of the management and supervisory bodies and the members of the remuneration committee

### Board of Directors



#### Chairperson of the Board of Directors | Paula Amorim

Born in Oporto, Paula Amorim has been a member of Galp's Board of Directors since April 2012, Vice-Chairperson from 2015 to 2016 and Chairperson since October 2016. She is also Chairperson of Galp's

Audit Committee since 2019.

Representing the fourth generation of the largest Portuguese family business group, with 150 years of history, Paula Amorim is the Chairperson of Amorim Investimentos e Participações, SGPS, SA, which includes in its portfolio Corticeira Amorim, the world's largest cork producer.

As the natural successor to the Américo Amorim Group, Paula Amorim is a shareholder in the Group's family holding company, Amorim Holding II, SGPS, S.A. Having joined the Américo Amorim Group in 1992, when she was only 19 years old, and since then has held various management and administration positions.

In 2005, Paula Amorim founded her own company, Amorim Fashion. Five years later she founded the Amorim Luxury Group.

Her experience in the fashion industry was a determinant factor to make the family group a major investor in Tom Ford International (TFI), where she is a member of the Board of Directors.

In November 2018 she acquired assets of the Herdade da Comporta Fund, marking a new and important step in her strategy of growth and positioning as a Portuguese brand of high international quality in the Hotel, Restaurant and Lifestyle sector - JNcQUOI.

Paula Amorim studied Real Estate Management at the Escola Superior de Atividades Imobiliárias.

Positions held at other companies as at December 31, 2021:

Company	Position
<b>In the Américo Amorim Group</b>	
<b>Portugal</b>	
Amorim Holding II, SGPS, S.A.	Member of the Board of Directors
Projeto Inverso, SGPS, S.A.	Chairperson of the Board of Directors
Amorim Negócios, SGPS, S.A.	Chairperson of the Board of Directors
Amorim Investimentos Energéticos, SGPS, S.A.	Chairperson of the Board of Directors

Company	Position
AMOFIX INVESTIMENTOS, S.A.	Member of the Board of Directors
GAIVINA – Empreendimentos Turísticos e Imobiliários, S.A.	Vice-Chairperson of the Board of Directors
Dreaming FIX, Lda.	Director
PORTAL DO SOL – Sociedade Imobiliária Amorim, S.A.	Vice-Chairperson of the Board of Directors
STOCKPRICE, SGPS, S.A.	Chairperson of the Board of Directors
Alqueva Verde, S.A.	Chairperson of the Board of Directors
AMORIM E ALEGRE - Sociedade Imobiliária, S.A.	Director
Sociedade Agroflorestal do Panasquinho, Lda.	Director
<b>Netherlands</b>	
Amorim Energia, B.V.	Director
Power Oil & Gas Investments, B.V.	Director
<b>USA</b>	
Amorim/TFI, Inc.	Chairperson of the Board of Directors
Tom Ford International, LLC.	Member of the Board of Directors
<b>UK</b>	
Platforme International Limited, Inc.	Member of the Board of Directors
<b>In the Amorim Group</b>	
AMORIM – Investimentos e Participações, SGPS, S.A.	Chairperson of the Board of Directors
<b>In the Amorim Luxury Group</b>	
Amorim Luxury, S.A.	Sole Director
Amorim Fashion, S.A.	Sole Director
Amorim Guedes de Sousa, S.A.	Chairperson of the Board of Directors
Amorim Guedes de Sousa II, Lda.	Manager
Amorim Guedes de Sousa III, Lda.	Manager
AP – Amorim Prime, Sociedade de Investimentos, Lda.	Manager
Amorim Luxury Comporta, S.A.	Sole Director
<b>Others</b>	
Fundação GALP	Chairperson of the Board of Directors



### Vice-Chairman and Lead Independent Director | Miguel Athayde Marques

Miguel Athayde Marques was born in Lisbon, Portugal, on 29 April 1955. He has been an independent member of Galp's Board of Directors since November 2012 and Vice-Chairman since October 2016. He also has been Chairman of Galp's Sustainability Committee and a member of Galp's Risk Management Committee since 12 April 2019. In addition, he is the Lead Independent Director of Galp's Board of Directors.

Miguel Athayde Marques is Vice-Rector (Vice-Chancellor) of Universidade Católica Portuguesa since October 2016, and Professor at the Faculty of Economics and Management (Católica Lisbon School of Business & Economics), responsible for the areas of Corporate Governance, and International Business. He is also a member of the Board of Trustees of Universidade Católica Portuguesa.

He is a non-executive independent director of Brisa, Concessão Rodoviária, S.A. since December 2010.

He has held various roles in corporate governing bodies, such as Chairman of the General and Supervisory Board of Hugin S.A.S. (Oslo, Norway), Chairman of the Audit Board of Caixa BI, S.A., and Member of the Monitoring Committee of Novo Banco, S.A.

Before joining Galp he was Chairman and CEO of the Board of Euronext Lisbon S.A. (the Portuguese Stock Exchange) and Interbolsa, S.A., and Executive Board Member of Euronext N.V. (Amsterdam), between January 2005 and June 2010.

During this period, he was non-executive Director of Euronext Amsterdam, Euronext Brussels, and Euronext Paris.

Between April 2007 and June 2010, he was a member of the Management Committee of the New York Stock Exchange - NYSE Euronext.

Prior to having responsibilities in capital markets, Miguel Athayde Marques was Executive Board Member of Caixa Geral de Depósitos, S.A. (between 2000 and 2004) and of Jerónimo Martins, S.A. (between 1996 and 2000). Before that, he was Executive Chairman of the Board of ICEP - Investimentos, Comércio e Turismo de Portugal, between 1992 and 1996.

Miguel Athayde Marques holds a degree, with distinction, in Business Administration and Management from Universidade Católica Portuguesa, in Lisbon, and a Doctorate (Ph.D) in Business Management from the University of Glasgow, School of Financial Studies, United Kingdom.

He has taught in several business schools, in MBA and Executive programmes, and he was one of the first Europeans to teach at CEMI Business School (Beijing, Shanghai).

Positions held at other institutions as at December 31, 2021:

Nome da Sociedade	Position
Universidade Católica Portuguesa	Vice-Rector
Universidade Católica Portuguesa, Católica Lisbon School of Business & Economics	Professor
Universidade Católica Portuguesa	Member of the Board of Trustees
Brisa, Concessão Rodoviária, S.A.	Non-executive independent director





## Vice-Chairman and Chief Executive Officer (CEO) | Andy Brown

Andy Brown was born in the United Kingdom, on January 29, 1962. He has been Vice-chairman of Galp's Board of Directors and Chief Executive Officer since February 5, 2021, responsible for Strategy &

Sustainability, Communications & Corporate Social Responsibility, Safety, Corporate Secretary, Compliance & DPO, External Relations & Regulation, People, Organization & Health and Legal.

Responsible for the Energy Management business unit and Matosinhos Future Hub project.

Andy enjoyed a 35-year international career with Royal Dutch Shell.

In the first half of his career, he worked in The Netherlands, New Zealand, Italy, Brunei and Oman in various engineering, project management and asset management roles in the Upstream business.

In 2000, he moved to the Corporate Centre in London, where he worked and travelled, firstly with the deputy Executive Chairman, and subsequently the Executive Chairman of Shell, as an advisor.

In 2002, Andy was tasked with growing a business in Qatar, moving there in 2004, where he led Shell's country entry, negotiation and delivery of the ground-breaking \$18 billion Pearl GTL project. He was also responsible for Shell's shareholding in the Qatargas 4 LNG project.

In 2012, joined the Executive Committee of Shell as the Upstream International Director covering the world outside the Americas, which included not only the exploration and production business but also the world's largest private Integrated Gas business (LNG and Gas to Liquids).

In 2016, following Shell's acquisition of BG, was appointed as Upstream Director. In this role, Andy successfully completed the integration of the BG assets and people into Shell, whilst also turning around the Upstream business performance. In 2019 Andy stepped down from Shell.

During his Shell career, he was known for his energetic and inspirational leadership, passionate not only about improving business performance but also about the safety, welfare and development of people.

Since stepping down from Shell, Andy took on a portfolio of roles including Vice Chairman of SBM, Senior Advisor to McKinsey and Co, Consultant for JMJ and Advisor to ZeroAvia, a hydrogen/fuel cell aviation start-up company.

Andy Brown graduated in Engineering Science from Cambridge University in 1984.

Positions held at other companies as at December 31, 2021:

Company	Position
Fundação GALP	Member of the Board of Directors



### Director (CFO) | Filipe Crisóstomo Silva

Filipe Silva was born in Lisbon, Portugal, on 4 July 1964. He has been a member of the Board of Directors and Chief Financial Officer (CFO) of Galp since July 2012. He has been responsible for the following areas of the corporate centre: Finance & M&A, Accounting & Tax,

Planning & Performance, Investor Relations, IT & Digital, Transformation Office, Data Office, Procurement & Contracting, Risk Management & Internal Control and Internal Audit.

Since 1999 and before joining Galp, he was responsible for the investment banking areas of Deutsche Bank in Portugal, and since 2008, he was also the CEO of Deutsche Bank in Portugal.

Filipe is a graduate in economics and financial management and holds a Masters' Degree in Financial Management, both from the Catholic University of America, Washington D.C.

Positions held at other companies as of December 31, 2021:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Member of the Board of Directors
Fundação GALP	Member of the Board of Directors



## Director (COO) | Thore Kristiansen

Thore Kristiansen was born in Stavanger, Norway, on 4 July 1961. He has been a member of Galp's Board of Directors and Executive Committee since October 2014, responsible for Galp's Upstream business.

In July 2021 Thore became COO of a newly formed business unit in Galp called Production & Operations, which combines Galp's Upstream and Industrial businesses as well as Engineering and Project management and Hydrogen business development.

He was senior Vice-Chairman for South America at Statoil for Development & Production in S. America and was the CEO of Statoil Brazil from January 2013 until he joined Galp. He has been with Statoil for more than 25 years, with responsibility for the distribution of oil products, trading and business negotiation in Norway, the UK, Denmark and Germany, as well as in the areas of exploration and production, with a special focus on Norway, Sub-Saharan Africa and South America, and also corporate functions, particularly in finance, Vice President and Head of Corporate M&A and Investor Relations (Head of US Investor Relations). He was also the CEO of Statoil Germany and Statoil Venezuela.

Thore E. Kristiansen holds a degree in Management from the Norwegian School of Management and a Master's Science degree in Petroleum Engineering from the University of Stavanger, Norway.

Positions held at other companies as of December 31, 2021:

Company	Position
ISPG – Institute of Oil and Gas, Association for Research and Advanced Training	Member of the Scientific and Technological Council



### Director (COO) | Teresa Abecasis

Teresa Abecasis was born on January 23, 1978.

She has been an executive member of Galp's Board of Directors and member of the Executive Committee since July 2021, responsible for Galp's Commercial business.

She is currently also responsible for Facilities Management & Real Estate of Galp Group.

Teresa Abecasis was the Corporate Head of People at Galp between May 2020 and July 2021, and a member of the Ethics and Conduct Committee.

Before joining Galp, Teresa worked as a Partner at the strategic consulting firm Boston Consulting Group, specializing in the areas of energy and retail. The projects in which she was mostly involved are related to strategy and organization.

Between 2012 and 2017, Teresa worked for Grupo Sovena, assuming between 2012 and 2014 the functions of Head of Procurement Services and between 2014 and 2017 Head of Operations and Commodities.

Between 2007 and 2012, Teresa worked in the Portuguese office of the pharmaceutical multinational Sanofi Pasteur MSD as Head of Finance and Business Management.

Teresa started her career in BCG in 1999 as an Associate Consultant and worked there until December 2006.

She has a degree in Economics from Nova Business School and holds an MBA from INSEAD.

Positions held at other companies as of December 31, 2021:

Entity	Position
Apetro – Associação Portuguesa de Empresas Petrolíferas	Chairperson of the Board of Directors



## **Director (COO) | Georgios Papadimitriou**

Georgios Papadimitriou was born in Athens on October 2, 1972.

He is an executive member of Galp's Board of Directors and a member of the Executive Committee since January 1, 2022, responsible for Renewables and New Business.

Before joining Galp, Georgios worked for Enel for 13 years in various roles, namely Head of Europe Regulatory Affairs for Enel Green Power (EGP), Head of EGP in France, Head of EGP Business Development in Europe and in Latin America, Head of EGP Europe and most recently, Head of EGP in North America.

Earlier in his career, Georgios worked exclusively in the energy sector at an international level, for Scottish Power (Scotland), Fortum (England), Nuon (Netherlands), Gazprom (Greece) and ContourGlobal (Greece) in a variety of roles and assignments ranging from risk management, plant commercial management, business development and electricity trading.

Georgios holds a MA in Economics from the American College of Greece and a MSc in Operational Research from the University of Strathclyde.

Georgios did not hold any position at other companies as of January 1, 2022.



## Director | Marta Amorim

Marta Amorim was born in Espinho, Portugal, on 29 April 1972. She has been a non-executive member of Galp's Board of Directors since October 2016.

Marta Amorim currently serves as Chairperson of the Américo Amorim Group and is a member of the Board of Directors of Amorim Energia B.V.

Marta Amorim holds a degree in Business Administration and Management from Universidade Católica Portuguesa and has several years of experience in the banking sector, namely at Banco Nacional de Crédito (currently named Banco Santander Totta, S.A).

Positions held at other entities as of December 31, 2021:

Company	Position
<b>No Grupo Américo Amorim</b>	
<b>Portugal</b>	
Amorim Holding II, SGPS, S.A.	Chairperson of the Board of Directors
Amorim Holding Financeira, SGPS, S.A.	Chairperson of the Board of Directors
Solfim SGPS, S.A.	Chairperson of the Board of Directors
Projeto Inverso, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios, SGPS, S.A.	Vice-Chairperson of the Board of Directors
Amorim Investimentos Energéticos, SGPS, S.A.	Vice-Chairperson of the Board of Directors
Amofix Investimentos, S.A.	Chairperson of the Board of Directors
Dreaming Fix, S.A.	Manager
Financinggest – Sociedade de Consultoria de Gestão de Créditos, S.A.	Chairperson of the Board of Directors

Company	Position
Sotomar – Empreendimentos Industriais e Imobiliários, S.A.	Chairperson of the Board of Directors
Lusares – Sociedade Imobiliária, S.A.	Director
Portal Do Sol – Sociedade Imobiliária Amorim, S.A.	Chairperson of the Board of Directors
Gaivina – Empreendimentos Turísticos e Imobiliários, Sa	Chairperson of the Board of Directors
Amorim Energia, B.V.	Director
Power Oil & Gas Investments, B.V.	Director
Topbreach Holding, B.V.	Director
Amorim Aliança, B.V.	Director
Itacaré, B.V.	Director
Praia do Forte, B.V.	Director
Oil Investments, B.V.	Director
Amorim/TFI, Inc.	Director
Banco Luso-Brasileiro, S.A.	Chairperson of the Board of Directors
AGS Moçambique, S.A.	Chairperson of the Board of Directors
<b>Other</b>	
A.P.I. – Amorim Participações Internacionais, S.A.	Chairperson of the Board of Directors
Paisagem do Alqueva, S.A.	Chairperson of the Board of Directors
S.S.A. – Sociedade de Serviços Agrícolas, S.A.	Sole Director
Imobis – Empreendimentos Imobiliários Amorim, S.A.	Chairperson of the Board of Directors
Mosteiro de Grijó – Empreendimentos Turísticos, S.A.	Chairperson of the Board of Directors
Casa Das Heras – Empreendimentos Turísticos, S.A.	Chairperson of the Board of Directors
Grents, Lda	Manager



### Director | Luís Todo Bom

Luís Todo Bom was born in Luanda, Angola, on 1 May 1948. He has been an independent non-executive member of Galp's Board of Directors since November 2012. He also has been Chairman of Galp's Risk Management Committee and a member of Galp's Audit

Committee since 12 April 2019.

He is non-executive director of Onyria SGPS and of Onyria Internacional (Onyria group)

He is a guest professor at ISCTE Executive Education and was a guest associate professor at ISCTE between 1982 and March 2017.

Before joining Galp, he was non-executive director of Taguspark between 2010 and 2012, non-executive Director of Chamartín Imobiliária, SGPS, S.A. between 2007 and 2009, non-executive director of Companhia de Seguros Sagres, S.A., between 2003 and 2009, non-executive director of Portugal Telecom International, Portugal Telecom Brazil and Semapa, SGOS, between 2003 and 2006 and non-executive director of Amorim Imobiliária, SGPS, S.A., between 2002 and 2007. He was Chairman of the Board of AITECOEIRAS between 2008 and 2012 and a member of the MRG Group's Strategy Board between 2009 and 2012. He was Inspector-General and Chairman of the Advisory Board of the Portugal Telecom group and also a non-executive director of Inotec Angola – Ambiente, Energia e Comunicações, S.A.

Luís Todo Bom has a degree in Chemical-Industrial Engineering from the Instituto Superior Técnico and an MBA from the Universidade Nova de Lisboa/Wharton School of Pennsylvania. He attended the Stanford Executive Programme and the Executive Programme on Strategy and Organisation at

Stanford University. He also attended the Doctor of Business Administration (DBA) Programme at the University of Cranfield and ISCTE.

Positions held at other companies as at December 31, 2021:

Entity	Position
Terfran – Investimentos e Serviços, Lda.	Managing-Partner
Angopartners Investments Consulting, Lda.	Managing-Partner
Belgrove – investimentos imobiliários, lda	Managing-Partner
Onyria SGPS e da Onyria Internacional, S.A. (grupo Onyria)	Non-Executive Director
ISCTE Executive Education	Guest professor



## Director | Jorge Seabra

Jorge Seabra de Freitas was born in Oporto, Portugal on 27 February 1960. He has been a non-executive member of Galp's Board of Directors since November 2012. He is also a member of Galp's Audit Committee since 12 April 2019.

He is the director of Amorim Holding II since August 2011 and he was Chairman of the Board of Directors of Coelima Indústrias Têxteis, S.A., between January 1992 and May 2011.

Jorge Seabra holds a degree in Economics from the Porto School of Economics. He attended the International Executive and Competitive Strategy Programme, both from INSEAD.

Positions held at other companies as of December 31, 2021:

Entity	Position
<b>In the Américo Amorim Group</b>	
Amorim Energia, B.V.	Director
Amorim Holding II, SGPS, S.A.	Member of the Board of Directors
Amorim Investimentos Energéticos, SGPS, S.A.	Member of the Board of Directors
Solfim SGPS, S.A.	Member of the Board of Directors
Amorim Holding Financeira, SGPS, S.A.	Member of the Board of Directors
Amorim Negócios, SGPS, S.A.	Member of the Board of Directors
Projeto Inverso, SGPS, S.A.	Member of the Board of Directors
Financimgest – Sociedade de Consultoria de Gestão de Créditos, S.A.	Member of the Board of Directors
Sotomar – Empreendimentos Industriais e Imobiliários, S.A.	Member of the Board of Directors
Portal do Sol – Sociedade Imobiliária Amorim, S.A.	Member of the Board of Directors

Entity	Position
Lusares – Sociedade Imobiliária, S.A.	Member of the Board of Directors
Gestimóvel, S.A.	Chairman of the Board of Directors
CS01, S.A.	Chairman of the Board of Directors
Gesfer, S.A.	Chairman of the Board of Directors
Triologia, S.A.	Chairman of the Board of Directors
AGS – Moçambique, S.A.	Member of the Board of Directors
Wanzafarms, S.A.	Chairman of the Board of Directors
Thirdway Africa RDC	Director
Topbreach Holding B.V.	Director
Amorim Aliança B.V.	Director
Power Oil & Gas Investments B.V.	Director
Itacaré, B.V.	Director
Praia do Forte B.V.	Director
Oil Investments B.V.	Director
Amorim/TFI, INC.	Director
Banco Luso-Brasileiro, S.A.	Adviser





## Director | Francisco Teixeira Rêgo

Francisco Teixeira Rêgo was born in Oporto, Portugal, on 9 July 1972. He has been a non-executive member of the Board of Directors since April 2015.

He has been a Director of Amorim Holding II and other companies in the Américo Amorim Group since 2004. From 2002 to 2004, he worked in the Commercial Department of SODESA, S.A., an electricity trading company. From 1997 to 2002, he was at ECOCICLO, an Energy Engineering, Audit and Consulting company.

Francisco Teixeira Rêgo graduated in Mechanical Engineering at the School of Engineering of Porto University and completed an Advanced Postgraduate course in Quantitative Management Methods at the School of Management from Porto University.

Positions held at other companies as of December 31, 2021:

Company	Position
<b>At the Américo Amorim Group</b>	
Amorim Holding II – SGPS, S.A.	Vice-Chairman of the Board of Directors
Amorim Holding Financeira, SGPS, S.A.	Vice-Chairman of the Board of Directors
Solfim, SGPS, S.A.	Vice-Chairman of the Board of Directors
Amorim Negócios – SGPS, S.A.	Director
Projeto Inverso, SGPS, S.A.	Director
Amorim Investimentos Energéticos, SGPS, S.A.	Director
AMOFIX Investimentos, SA	Director
Financimgest – Sociedade de Consultoria e Gestão de Créditos, S.A.	Director
Gaivina, Empreendimentos Turísticos e Imobiliários, S.A.	Director

Company	Position
Portal do Sol – Sociedade Imobiliárias Amorim, S.A.	Director
SOTOMAR – Empreendimentos Industriais e Imobiliários, S.A.	Director
SF Plus, S.A.	Chairman of the Board of Directors
AGS – Moçambique, S.A.	Director
Topbreach Holding, B.V.	Director
Amorim Aliança, B.V.	Director
Amorim Energia, B.V.	Director
Itacaré, B.V.	Director
Praia do Forte, B.V.	Director
Oil Investments, B.V.	Director
Banco Luso-Brasileiro, S.A.	Alternate of the Chairman of the Board of Directors
<b>Others</b>	
Vintage Prime – SGPS, S.A.	Director
Mercado Prime, SGPS, SA	Director
Mercado Urbano, Gestão Imobiliária, SA	Director
Herdade Aldeia de Cima do Mendro – Soc. Comercial, Agrícola e Turística, Lda.	Manager
Folha da Fonte – Agropecuária, Lda	Manager
Amorim Negócios II, SGPS, S.A.	Director
Luynes – Investimentos, SA	Vice-Chairman
Época Global, SGPS, S.A.	Director
FRGALB – INVESTMENTS, S.A.	Chairman of the Board of Directors
Moreira, Gomes & Costas, S.A.	Chairman of the Board of Directors
Agência de Viagens Sandinense, Lda.	Manager
ANTROP – Associação Nacional de Transportadores Rodoviários de Pesados de Passageiros	Vice-Chairman of the Audit Board



## Director | Rui Paulo Gonçalves

Rui Paulo Gonçalves was born in Oporto, Portugal, on 30 May 1967. He has been a non-executive member of Galp's Board of Directors since May 2008. He also has been a member of Galp's Risk Management Committee since 12 April 2019.

He has been the Director and General Manager of Amorim – Investimentos Energéticos, SGPS, S.A. since December 2007. He is still the Chairman of the Board of the General Shareholders' Meeting of Amorim Holding II, SGPS, S.A.

Before joining Galp, he practised law in Oporto and was Visiting Lecturer at the Portuguese Institute of Administration and Marketing on the degree course and various post-graduate courses between 2004 and 2007. He was legal adviser to the Unicer Group from 2002 and 2007 and, at the same time, the Deputy Director of the legal office of the same group.

Rui Paulo Gonçalves has a post-graduate degree in Management for law graduates from the School of Economic and Business Sciences of Universidade Católica and a Degree in Law from the Law School of the same university.

Positions held at other companies as of December 31, 2021:

Entity	Position
In the Américo Amorim Group	
Amorim Investimentos Energéticos, SGPS, S.A.	Director and General Manager
Amorim Energia, B.V.	Director
Amorim Holding II, SGPS, S.A.	Chairman of the Board of the Annual General Meeting



## Director | Carlos Pinto

Carlos Pinto was born on 14 April 1978. He has been a non-executive member of Galp's Board of Directors since 12 April 2019.

Since 2017, and until May 8th, 2019, he has held the position of Executive Director at Sonangol, E.P. Held the position of Deputy Coordinator of the Working Group for the Revision of Petroleum Legislation in Angola, in 2017. He was Legal Advisor at Total Angola from 2004 to 2014, having held different positions and assignments at Total S.A. in France in 2012 and in 2009 at Total E&P USA. He is a Professor at the Faculty of Law of Universidade Agostinho Neto since 2009.

He has been a member of the AIPN, the Association of Petroleum Negotiators, since 2013.

Carlos Pinto holds a degree in Law from the Faculty of Law of the University of Lisbon, Master's Degree in Business Law by the Faculty of Law of the University of Coimbra and Faculty of Law of Agostinho Neto University and as of 2017 is doing a Doctorate in Law at the Law Faculty of the New University of Lisbon and the Faculty of Law of Agostinho Neto University.

Positions held at other companies as of December 31, 2021:

Entity	Position
Faculdade de Direito da Universidade Agostinho Neto	Assistant Professor
P&P Sociedade de Advogados, R.L.	Partner



## Director | Diogo Mendonça Tavares

Diogo Tavares was born in Montijo, Portugal, on 31 October 1945. He was a non-executive member of Galp's Board of Directors between 2006 and 2008. He has been a member of Galp's Board of Directors since April 2012. He has also been a member of Galp's

Sustainability Committee since 12 April 2019.

Before joining Galp, he was Advisor to the Chairman of Amorim Holding II, SGPS, S.A. between 2006 and 2011, and the Director of the same Entity between 2011 and 2013, and also the non-executive director at Galp, S.A. between 2006 and 2008. He was President of UNIRISCO, the first venture capital Entity in Portugal and his other positions included, Vice-Chairman of IAPMEI, Vice-Chairman of the Tourism Institute of Portugal, Director of IFADAP, Chairman of IPE-CAPITAL, Vice-Chairman of ICEP and Chairman of Urbimeta, S.A. Sociedade Imobiliária.

Diogo Tavares holds a degree in Mechanical Engineering from the Instituto Superior Técnico and is a graduate of the Advanced Business Management Programme (IAESE/Harvard Business School).

Positions held at other companies as of December 31, 2021:

Entity	Position
UPK – Gestão de Facilities e Manutenção, S.A	Non-Executive Director



## Director | Edmar de Almeida

Edmar Almeida was born on 18 February 1969. He has been a non-executive member of Galp's Board of Directors since 12 April 2019.

He is Professor of the Instituto de Economia of the Universidade Federal do Rio de Janeiro (UFRJ) and investigator at PUC-Rio's Energy Institute. He has held other roles as Vice-President for Academic Affairs of the International Association for Energy Economics - IAEE between 2008 and 2012, President of the Brazilian Association for Energy Studies - AB3E between 2012 and 2014 and Secretary of the Latin American Association for Energy Economics - ALADEE between 2013 and 2017. Professor Edmar was also a member of the Energy Council of the Commercial Association of Rio de Janeiro - ACRJ, between 2016 and 2017 and Director of Research of the Institute of Economics between 2011 and 2015.

Edmar Almeida holds a Bachelor's Degree in Economics from the Federal University of Minas Gerais (UFMG), a Sciences Master's Degree in Industrial Economics from the Institute of Economics of the Federal University of Rio de Janeiro (UFRJ) and a PhD in Applied Economics from the Institute for Energy Policy and Economics (IEPE) of Grenoble II, France.

Positions held at other companies as at December 31, 2021:

Entity	Position
Institute of Economics of the Federal University of Rio de Janeiro (UFRJ)	Professor
PUC-Rio's Energy Institute – Universidade Católica do Rio de Janeiro	Researcher



### Director | Cristina Fonseca

Cristina Fonseca has been a non-executive member of Galp's Board of Directors and member of Galp's Sustainability Committee since 12 April 2019.

She started her professional career as an entrepreneur, having co-founded Talkdesk in 2011, the first cloud native Call Center solution which raised \$500M from top global investors.

Cristina is currently investor and board member of several companies as part of the founding team of Indico Capital Partners, the leading venture capital tech and sustainability focused firm, based Portugal. Indico Capital Partners focuses on technology and ocean related companies, targeting investments at Pre-Seed to Series B level. Founded in 2017, the team at Indico were previously behind the majority of the Portuguese global tech success stories, including 6 unicorns, as investors and entrepreneurs.

In 2018, Cristina co-founded Cleverly.ai, an Artificial Intelligence automation startup that got acquired in 2021 by Zendesk, Inc the global leader in customer service software. As a Vice President of Product Cristina is currently responsible for its AI strategy.

Appointed as a Young Global Leader by the World Economic Forum in 2021, she holds a degree in Computer Engineering and Telecommunications from Instituto Superior Técnico (Lisbon). Cristina is also a member of the Singularity University Portugal and a member of the General Council of the University of Lisbon.

### Positions held at other companies as of December 31, 2021:

Entity	Position
Indico Capital Partners	General Partner
Zendesk, Inc	Vice President, Product
Singularity University Portugal	Member
University of Lisbon	Member of the General Council



## Director | Adolfo Mesquita Nunes

Adolfo Mesquita Nunes was born on 29 November 1977. He has been a non-executive member of Galp's Board of Directors since 12 April 2019 and Chairman of the Ethics and Conduct Committee since November 2019.

He is a Partner at Gama Glória Law Firm. Prior to this, he joined the XIX and XX governments as Secretary of State for Tourism between February 2013 and November 2015, having also been a member of the Portuguese Parliament from June 2011 to February 2013.

He started as a Trainee Lawyer in September 2000 at the Law Firm Morais Leitão, J. Galvão Teles e Associados. Between April 2005 and June 2011, he was a Senior Associate at Law Firm Morais Leitão, Galvão Teles, Soares da Silva e Associados. Between June of 2002 and August 2003, he held the position of adviser to the councilman of the Municipality of Lisbon Pedro Feist.

He holds a degree in Law from the Faculdade de Direito da Universidade Católica Portuguesa and a Master's Degree in Law and Political Sciences from the Faculdade de Direito da Universidade de Lisboa.

Positions held at other companies as of December 31, 2021:

Entity	Position
Gama Glória Law Firm	Partner



## Director | Dr. Javier Cavada Camino

Javier Cavada Camino was born in Spain on 10 November 1975.

He is an independent non-executive member of Galp's Board of Directors since 17 December 2021.

He is CEO and President of Highview Power's Cryogenic Energy, Chairman of the Board of Directors of Gazelle Wind Power and a member of the Board of Directors of the USA's Energy Storage Association and UK's Bagnall Energy.

In September 2021 Javier has been nominated President and CEO of Mitsubishi Power in Europe, Middle East and Africa, starting in this role from January 2022.

Javier Cavada Camino holds a degree in Mechanical Engineering from the University of Cantabria in 1998, an MBA in Business Management from the Instituto de la Calidad in 2005, a scientific master's degree in Industrial Engineering from the University of Cantabria in 2010 and a scientific master's degree in International Management from the University of Liverpool in the same year. He has also a PhD in Industrial Engineering from the University of Cantabria since 2012.

Positions held at other companies as of December 17, 2021:

Entity	Position
Highview Power and Highview Enterprises Limited	CEO and President
Gazelle Wind Power	Chairman of the Board of Directors
USA Energy Storage Association	Member of the Board of Directors
Bagnall Energy	Member of the Board of Directors



## Audit Board

### Chairman | José Pereira Alves



José Pereira Alves was born on 29 September 1960. He is Chairman of Galp's Audit Board since 12 April 2019.

He is Chairman of the Audit Board of SFS - Gestão de Fundos, SGOIC, S.A. since February 2017, Chairman of the Audit Board of The Fladgate Partnership, S.A. since October 2018, Chairman of the Audit Board of NOS, SGPS, S.A. since May 2019 and Chairman of the Audit Board and non-executive Director of Corticeira Amorim, SGPS, S.A. since April 2021.

Throughout his career as an auditor and consultant, he was involved in company projects in several fields, including as the technician responsible for carrying out work on audits at Texaco (Angola), Cabinda Gulf Oil Company (CABGOC) and Electra (Cabo Verde), all in the energy sector. He remained at PwC for 32 years having left it on 30 June 2016. He held the position of Territory Senior Partner (President) from July 1st, 2011 to June 30th, 2015. At PwC he was responsible for more than 22 years for the coordination of auditing and statutory auditing of several groups, namely Amorim, RAR, Salvador Caetano, Nors, Ibersol, TAP, CTT, Semapa and Jerónimo Martins, among others.

He holds a degree in Economics from the University of Porto (FEP) and he is Statutory Auditor since 1990.

Positions held at other companies as of December 31, 2021:

Entity	Position
Galp Foundation	Chairman of the Audit Board
SFS – Gestão de Fundos, SGOIC, S.A.	Chairman of the Audit Board
The Fladgate Partnership, S.A.	Chairman of the Audit Board
NOS, SGPS, S.A.	Chairman of the Audit Board
Corticeira Amorim, SGPS, S.A.	Chairman of the Audit Board



### Member | Maria de Fátima Geada

Maria Fátima Castanheira Cortês Damásio Geada was born on 2 November 1960. She is a member of Galp's Audit Board since April 2019.

She also holds the position of Chairman of the Board of Directors of the Instituto Português de Auditoria Interna, Member of the Audit Board of several entities of the Group TAP Air Portugal and is a member of the IIA Global Council.

She was appointed Chairman of the Audit Board of Cateringpor between 1997 and 2020, member of the Audit Board of PGA- Portugalia Airlines (until 2018) and Member of the Audit Board of LF Portugal (until 2018). She also held the position of member of the Assembly of Representatives of the Order of Economists. She was also Chief Internal Audit Officer of Group TAP Portugal until July 2021. In 2014, she was a member of the Strategic Council of ISCAC – Coimbra Business School. Between 1993 and 1996 she served as Deputy Director General of the Maintenance and Engineering Department of TAP Air Portugal and between 1994 and 2003 she was Administrator of an Integrated Health Care Company. She is a University Professor, having held, throughout her career of more than thirty years as academic, the positions of Director of the Management Course, of the Accounting and Auditing Course and of President of the Scientific Council and Pedagogical Council in several institutions. She also acts as Coordinator/Professor of the Financial Management Curricular Unit and Coordinator of the Post-Graduation in Audit, Risk and Cyber-security of IDEFE and Director of the MBA Lisboa Atlântico – UAL and is presently Lecturer in several business schools.

She holds a degree in Economics from ISEG, a Master in Quantitative Methods applied to Economics and Business Management and a PhD in Economics "Keynesianos versus Monetaristas" from Universidade Técnica of Lisbon. She has a

Postgraduate Degree in Auditing. Certified by IIA – EUA CRMA in Certified Risk Management Assurance.

Positions held at other entities as of December 31, 2021:

Entity	Position
Galp Foundation	Member of the Audit Board
Portuguese Institute of Internal Audit	Chairman of the Board
TAP Portugal	Member of the Statutory Audit Board TAP SGPS,SA
ISCAC	Member of the Strategic Council



### Member | Pedro Antunes de Almeida

Pedro Antunes de Almeida was born in Lisbon, Portugal, on 31 December 1949. He has been member of Galp's Audit Board since November 2012.

From 2006 to 2015, Pedro Antunes de Almeida was Consultant for Economic and Business Affairs to the President of the Portuguese Republic.

As an independent business consultant in the tourism industry, he was Chairman of the Board of Directors of ICEP, Chairman of the Executive Committee of ENATUR – Pousadas de Portugal, Secretary of State for Tourism (XV Government) and Ambassador of Portugal to the World Tourism Organisation. Between 2011 and 2012, he was Secretary of the Board of Galp's Annual General Meeting.

Pedro Antunes de Almeida has a degree in Economics and Sociology from Universidade Nova de Lisboa, with a post-graduate qualification in European Economic Studies, from Universidade Católica Portuguesa, a course on Public Relations, Marketing and Publicity, from the Graduate School of Media, Lisbon, and the Course for National Defense Auditors from the National Defense Institute.

Positions held at other companies as at December 31, 2021

Entity	Position
Galp Foundation	Member of the Audit Board
Galp Gás Natural Distribuição, S.A.	Member of the Audit Board
Fidelidade Seguros	Chairman of the Audit Board
Grupo NAU Hotels & Resorts	Non-executive Chairman of the Board of Directors

## Alternate | Amável Calhau

Amável Alberto Freixo Calhau was born in Setúbal, Portugal, on 20 November 1946. He has been a Deputy Member of Galp's Audit Board since 5 October 2006.

He is a Statutory Auditor and has been a Managing Partner of Amável Calhau, & Associados, SROC, Lda. since 1981. He was an accountant and auditor for an auditing Entity between 1970 and 1979 and has been an individual Statutory Auditor since 1980.

He has been a Statutory Auditor in dozens of companies in various sectors since 1981, including: from 1991 to 2012, Statutory Auditor for the Portuguese Securities Market

Commission Audit Committee; since 2006 to 2014, Statutory Auditor for the Banco de Portugal Audit Committee, and from 2008 to 2012, Statutory Auditor for Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E Audit Committee.

Amável Alberto Freixo Calhau is an accounting expert from the Army Pupils' Military Institute.

Positions held at other companies as of December 31, 2021

Entity	Position
Galp Foundation	Alternate member of the Audit Board
Galp Gás Natural Distribuição, S.A.	Alternate member of the Audit Board
Other Companies	Member of the Audit Board

## Remuneration Committee

### Chairman | Amorim Energia B.V.

Amorim Energia B.V. holds 276.472.161 shares issued by Galp Energia, SGPS, S.A., corresponding to 33.34% of its share capital and is based in the Netherlands.

### Member | Jorge Armindo Carvalho Teixeira

Jorge Armindo de Carvalho Teixeira is the Chairman of the Board of Directors of Amorim Turismo, SGSP, S.A. and its affiliates.

He began his professional career in 1976 as an Assistant Lecturer in the Porto Faculty of Economics, teaching Business Management and International Financial Management until 1992. In 1982, he joined what is now the Amorim Group as Chief Financial Officer and, in 1987, was appointed Vice-Chairman of the Group, a position he held until 2000. In 1997, at the invitation of the Government, he was appointed Chairman of Portucel – Empresa de Celulose e Papel de Portugal, SGPS, S.A. and he also took the chair of all companies in which Portucel, SGPS, S.A. had investments until its privatisation.

Jorge Armindo de Carvalho Teixeira has a degree in Economics from the Faculty of Economics of Universidade do Porto.

Jorge Armindo de Carvalho Teixeira holds 11.054 shares issued by Galp Energia, SGPS, S.A. and does not hold any bonds issued by Galp Energia, SGPS, S.A.

Positions held at other companies as of December 31, 2021:

Entity	Position
Amorim – Entertainment e Gaming Internacional, SGPS, S.A.	Member of the Board of Directors (CEO)
Amorim Turismo, SGPS, S.A.	Member of the Board of Directors (CEO)
Eleven – Restauração E Catering, S.A.	Member of the Board of Directors (PCA)
Estoril Sol, SGPS, S.A.	Member of the Board of Directors
SFP - Sociedade Figueira Praia, S.A.	Member of the Board of Directors (PCA)
SPF Online	Member of the Board of Directors
Fundição do Alto da Lixa, S.A.	Member of the Board of Directors (PCA)
Iberpartners – Gestão e Reestruturação de Empresas, S.A.	Member of the Board of Directors (PCA)
Iberpartners Cafés, SGPS, S.A.	Member of the Board of Directors (PCA)
Imofoz, S.A.	Member of the Board of Directors
Mobis Hotéis de Moçambique, S.A.R.L.	Member of the Board of Directors
Newcoffee - Indústria Torrefatora de Cafés, S.A.	Member of the Board of Directors
Fozpatrimónio, S.A.	Member of the Board of Directors
AHP – Associação da Hotelaria de Portugal	Member of the General Committee
APC – Associação Portuguesa de Casinos	Vice-Chairman
CTP – Confederação do Turismo Português	Vice-Chairman do Conselho Diretivo

## Member | Joaquim Alberto Hierro Lopes

Joaquim Alberto Hierro Lopes is a shareholder and managing partner at GED Partners and, at the same time, a member of the Board of Directors of the Management Companies of the Funds GED V España, GED VI, GED Eastern Fund II, GED Sur and Conexo Ventures (CEO) and of the Board of Directors of several GED Fund subsidiaries, including Iconsa Engineering, in Spain and Serlima Services S.A., in Portugal. He is the Chairman of the Board of Directors of ISAG European Business School (Graduate School of Administration and Management).

Before joining Galp, he was an executive director at Norpedip/ PME Capital – Sociedade Portuguesa de Capital de Risco (now Portugal Ventures), Chairman and Board Member of several companies, including FiberSensing, Altitude Software, Payshop, Cabelte, Bluepharma, TV Tel Grande Porto, Fibroplac., and participated in the launch and management of various investment funds. Between 2007 and 2014, he was a member of the Audit Board of Corticeira Amorim SGPS, S.A.

Between 1990 and 2010 he was professor of Financial Mathematics and Management Accounting at ISAG - Instituto Superior de Administração e Gestão.

Joaquim Alberto Hierro Lopes completed a degree in Accounting and Administration at Porto Accounting and Business School, as well as in Mathematics from the Faculty of Sciences of the Universidade do Porto, and he completed a MBA at Porto Business School. He has a Master's Degree in Business Administration, from the Universidade do Porto.

Joaquim Alberto Hierro Lopes holds 10 shares issued by Galp Energia, SGPS, S.A. and does not hold any bonds issued by Galp Energia, SGPS, S.A.

Positions held at other companies as of December 31, 2021:

Entity	Position
GED Partners, SL	Member of the Board of Directors
Capital Promoción Empresarial del Sur, S.A..	Member of the Board of Directors
GED Capital Development, S.A.	Member of the Board of Directors
GED Iberian Private Equity, S.A..	Member of the Board of Directors
Fundos da GED	Member of the Investments Committees
Serlima Services, S.A.	Member of the Board of Directors
ISAG – Instituto Superior de Administração e Gestão.	Chairman of the Governing Board
Fundo GED Eastern Fund II	Member of the Investments Committee
Fundo GED Sur	Chairman of the Investments Committee

## Cautionary statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 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 those 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 costumers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp's website at galp.com. 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.



# REGENERATING THE FUTURE

Part III - Consolidated and Individual  
Financial Statements 2021



# 1. Consolidated Financial Statements

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# Consolidated Statement of Financial Position

## Galp Energia, SGPS, S.A.

Consolidated Statement of Financial Position as of 31 December 2021 and 31 December 2020.

(Amounts stated in million Euros - € m)			
Assets	Notes	2021	2020
<b>Non-current assets:</b>			
Tangible assets	5	5,169	4,878
Intangible assets	6	645	532
Goodwill	8	85	85
Right-of-use of assets	7	1,079	1,002
Investments in associates and joint ventures	9	389	483
Deferred tax assets	16	485	509
Other receivables	11	293	266
Other financial assets	12	560	402
<b>Total non-current assets:</b>		<b>8,703</b>	<b>8,157</b>
<b>Current assets:</b>			
Inventories	10	1,007	708
Other financial assets	12	992	190
Trade receivables	11	1,243	781
Other receivables	11	885	877
Current income tax receivable	16	139	101
Cash and cash equivalents	13	1,942	1,678
<b>Total current assets:</b>		<b>6,208</b>	<b>4,335</b>
<b>Total assets:</b>		<b>14,912</b>	<b>12,492</b>
<b>Equity and Liabilities</b>			
<b>Equity:</b>			
Share capital and share premium		911	911
Reserves		1,327	967
Retained earnings		813	1,282
<b>Total equity attributable to shareholders:</b>		<b>3,052</b>	<b>3,160</b>
Non-controlling interests	23	918	940
<b>Total equity:</b>		<b>3,970</b>	<b>4,100</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Financial debt	14	2,995	3,204
Lease liabilities	7	1,015	923
Other payables	15	95	112
Post-employment and other employee benefit liabilities	17	300	381
Deferred tax liabilities	16	653	479
Other financial instruments	19	136	37
Provisions	18	1,209	1,008
<b>Total non-current liabilities:</b>		<b>6,403</b>	<b>6,144</b>
<b>Current liabilities:</b>			
Financial debt	14	1,305	539
Lease liabilities	7	164	166
Trade payables	15	811	650
Other payables	15	1,190	763
Other financial instruments	19	1,069	130
Current income tax payable	16	0	0
<b>Total current liabilities:</b>		<b>4,539</b>	<b>2,248</b>
<b>Total liabilities:</b>		<b>10,942</b>	<b>8,392</b>
<b>Total equity and liabilities:</b>		<b>14,912</b>	<b>12,492</b>

The accompanying notes form an integral part of the consolidated statement of financial position and must be read in conjunction.

# Consolidated Income Statement and Consolidated Statement of Comprehensive Income

## Galp Energia, SGPS, S.A.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the years ended 31 December 2021 and 31 December 2020.

		(Amounts stated in million Euros - € m)	
	Notes	2021	2020
Sales	24	15,618	10,771
Services rendered	24	499	610
Other operating income	24	324	186
Financial income	27	27	53
Earnings from associates and joint ventures	9	83	220
<b>Total revenues and other income:</b>		<b>16,552</b>	<b>11,840</b>
Cost of sales	25	(11,752)	(8,491)
Supplies and external services	25	(1,563)	(1,473)
Employee costs	26	(310)	(356)
Amortisation, depreciation and impairment losses on fixed assets	25	(961)	(1,289)
Provisions and impairment losses on other receivables	25	(74)	(114)
Other operating costs	25	(111)	(126)
Financial expenses	27	(937)	(239)
<b>Total costs and expenses:</b>		<b>(15,709)</b>	<b>(12,088)</b>
<b>(Loss) Profit before taxes and other contributions:</b>		<b>843</b>	<b>(248)</b>
Taxes and SPT	16	(652)	(242)
Energy sector extraordinary contribution	16	(41)	(45)
<b>Consolidated net (loss) income for the year</b>		<b>150</b>	<b>(535)</b>
<b>(Loss)/Income attributable to:</b>			
<b>Galp Energia, SGPS, S.A. Shareholders</b>		<b>4</b>	<b>(551)</b>
<b>Non-controlling interests</b>	23	146	16
<b>Basic and Diluted (loss) Earnings per share (in Euros)</b>		<b>0.00</b>	<b>(0.66)</b>
<b>Consolidated net (loss) income for the year</b>		<b>150</b>	<b>(535)</b>
<b>Items which will not be recycled in the future through net income:</b>			
Remeasurements	17	33	(10)
Income taxes related to remeasurements	17	(8)	7
<b>Items which may be recycled in the future through net income:</b>			
Currency translation adjustments		417	(471)
Hedging reserves	19	28	16
Income taxes related to the above items	16	(7)	(3)
<b>Subtotal of other comprehensive (loss) income</b>		<b>464</b>	<b>(461)</b>
<b>Total Comprehensive (loss) income for the year, attributable to:</b>		<b>614</b>	<b>(996)</b>
<b>Galp Energia, SGPS, S.A. Shareholders</b>		<b>389</b>	<b>(942)</b>
<b>Non-controlling interests</b>		<b>225</b>	<b>(54)</b>

The accompanying notes form an integral part of the consolidated income statement and consolidated statement of comprehensive income.

# Consolidated Statement of Changes in Equity

## Galp Energia, SGPS, S.A.

Consolidated Statement of changes in equity for the years ended 31 December 2021 and 31 December 2020.

(Amounts stated in million Euros - € m)

	Share Capital and Share Premium			Reserves		Retained earnings	Sub-Total	NCI <sup>(**)</sup>	Total	
	Notes	Share Capital	Share Premium	CTR <sup>(*)</sup>	Hedging Reserves					Other Reserves
<b>As of 1 January 2020</b>		<b>829</b>	<b>82</b>	<b>(169)</b>	<b>(10)</b>	<b>1,535</b>	<b>2,153</b>	<b>4,420</b>	<b>1,237</b>	<b>5,657</b>
Consolidated net income for the year		0	0	0	0	0	(551)	(551)	16	(535)
Other gains and losses recognised in equity		0	0	(401)	13	0	(3)	(391)	(70)	(461)
<b>Comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>(401)</b>	<b>13</b>	<b>0</b>	<b>(554)</b>	<b>(942)</b>	<b>(54)</b>	<b>(996)</b>
Dividends distributed		0	0	0	0	0	(318)	(318)	(98)	(416)
Increase/decrease in capital reserves		0	0	0	0	0	0	0	(145)	(145)
<b>As of 31 December 2020</b>		<b>829</b>	<b>82</b>	<b>(570)</b>	<b>3</b>	<b>1,535</b>	<b>1,281</b>	<b>3,160</b>	<b>940</b>	<b>4,100</b>
<b>Balance as of 1 January 2021</b>		<b>829</b>	<b>82</b>	<b>(570)</b>	<b>3</b>	<b>1,535</b>	<b>1,281</b>	<b>3,160</b>	<b>940</b>	<b>4,100</b>
Consolidated net (loss) income for the year		0	0	0	0	0	4	4	146	150
Other gains and losses recognised in equity		0	0	338	21	0	26	385	79	464
<b>Comprehensive (loss) for the year</b>		<b>0</b>	<b>0</b>	<b>338</b>	<b>21</b>	<b>0</b>	<b>30</b>	<b>389</b>	<b>225</b>	<b>614</b>
Dividends distributed	<b>22, 23</b>	0	0	0	0	0	(498)	(498)	(200)	(697)
Decrease in capital reserves		0	0	0	0	0	0	0	(47)	(47)
<b>Balance as of 31 December 2021</b>		<b>829</b>	<b>82</b>	<b>(232)</b>	<b>24</b>	<b>1,535</b>	<b>813</b>	<b>3,052</b>	<b>918</b>	<b>3,970</b>

The accompanying notes form an integral part of the condensed consolidated statement of changes in equity and must be read in conjunction.

(\*) Currency Translation Reserves

(\*\*) Non-controlling Interests

# Consolidated Statement of Cash Flows

## Galp Energia, SGPS, S.A.

Consolidated Statement of Cash Flows for the years ended 31 December 2021 and 31 December 2020.

	(Amounts stated in million Euros - €m)		
	Notes	December 2021	December 2020
<b>Income/(Loss) before taxation for the period</b>		<b>843</b>	<b>(248)</b>
<b>Adjustments for:</b>			
Depreciation, depletion and amortisation	25	961	1,289
Impairment and losses on sale of businesses and fixed assets		67	106
Adjustments to net realisable value of inventories	25	30	(3)
Interest Expense, net	27	911	186
Underlifting and/or Overlifting	24,25	44	76
Share of profit/(loss) of joint ventures and associates	9	(83)	(220)
Others		14	55
<b>Increase / decrease in assets and liabilities:</b>			
(Increase)/decrease in inventories		(329)	351
(Increase)/decrease in current receivables		(602)	229
(Decrease)/increase in current payables		111	(182)
(Increase)/decrease in other receivables, net		(443)	(286)
Dividends from associates		132	90
Taxes paid, Energy Sector Extraordinary Contribution and SPT		(602)	(417)
<b>Cash flow from operating activities</b>		<b>1,052</b>	<b>1,025</b>
Equalization impact in cash flow from operations		0	(137)
<b>Cash flow from operating activities adjusted by equalization</b>		<b>1,052</b>	<b>888</b>
Capital expenditure in tangible and intangible assets		(779)	(646)
Investments in associates and joint ventures, net		423	(175)
Other investment cash outflows, net		(104)	(69)
Equalization impact in net investment		0	217
<b>Cash flow from investing activities</b>		<b>(460)</b>	<b>(674)</b>
Loans obtained		6,869	2,592
Loans repaid		(6,465)	(1,692)
Interest paid		(61)	(55)
Leases repaid		(115)	(110)
Interest on leases paid		(76)	(80)
Change in non-controlling interest		14	(145)
Dividends paid to Galp shareholders		(498)	(318)
Dividends paid to non-controlling interests		(198)	(80)
Realised income on derivative financial instruments		0	80
<b>Cash flow from financing activities</b>		<b>(530)</b>	<b>190</b>
(Decrease)/increase in cash and cash equivalents		62	404
Currency translation differences in cash and cash equivalents		75	(160)
Cash and cash equivalents at the beginning of the period		1,675	1,431
<b>Cash and cash equivalents at the end of the period</b>		<b>1,812</b>	<b>1,675</b>

The accompanying notes form an integral part of the condensed consolidated statement of Cash Flow and should be read in conjunction.

# Notes to the consolidated financial statements as of 31 December 2021

Galp Energia SGPS, S.A. (the Company) is the parent company of Galp Group.

The company has its Head Office in Rua Tomás da Fonseca in Lisbon, Portugal and is listed on Euronext Lisbon.

The Group develops its activities in the energy sector, namely electricity from renewable sources, exploration, production and commercialization of hydrocarbons (oil & natural gas), refining and distribution of lubricants, gas, gasoline, diesel, fuel oil, jet fuel, asphalts and others and the acquisition and wholesale distribution of natural gas.

## 1. Basis of preparation

The consolidated financial statements of Galp Energia SGPS, S.A. and its subsidiaries (collectively referred to herein as Galp or the Galp Group) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through comprehensive income and financial assets at fair value through profit or loss.

The significant accounting policies set out below have been applied consistently to the preparation of the consolidated financial statements for the years presented.

The consolidated financial statements are presented in Euros, and all the values are rounded to the nearest million Euros, except where otherwise indicated. Therefore, the subtotals and totals of the tables presented in these consolidated financial statements and accompanying notes may not equal the sum of the amounts presented, due to rounding.

## 2. Significant accounting policies, judgments, estimates and changes

### 2.1 Significant accounting policies, judgments and estimates

#### Accounting policies

Galp's significant accounting policies are disclosed in the related notes within these consolidated financial statements.

#### Applying materiality

The consolidated financial statements are the result of the aggregation of a large number of transactions by nature. When they are aggregated, the

## Notes to the consolidated financial statements as of 31 December 2021

transactions are presented in classes of similar items. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements, or in the notes thereto. Management makes the specific disclosures required by the IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or is otherwise not applicable.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company Galp Energia SGPS, S.A. and the entities under its control. Control exists where Galp has effective power over an entity and is exposed to variable returns arising from its involvement with the entity. Where necessary, adjustments are made to bring the financial statements of the subsidiaries in line with the Group's accounting policies. All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition up to the effective date of disposal. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Galp's shareholders.

### Translation of foreign currencies

#### Functional currency

Items included in the financial statements of Galp Group entities are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The presentation currency of the consolidated group is the Euro, which is the functional currency of the parent.

### Translation of transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as of the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities, are recognised in the income statement.

### Translation of Group companies

Upon consolidation, the assets and liabilities of non-Euro entities are translated into Euros at the year-end rates of exchange, while their statements of income, other comprehensive income and cash flow are translated at the annual average rates. The resulting translation differences are recognised as currency translation differences within other comprehensive income.

The following exchange differences are recognised in other comprehensive income: (i) Foreign subsidiaries' statements of comprehensive income are translated at the historical average of the year-end exchange rates; (ii) Loans granted by shareholders to subsidiaries in currencies other than the parent's functional currency that have no stipulated repayment terms are treated as net hedges on the investments in these foreign subsidiaries. This means that the foreign exchange differences arising from these loans that have not been eliminated upon consolidation are reclassified in the income statement from shareholders' equity to the line item "Currency translation reserves".

### Key accounting estimates and judgments

Inherent in the application of the accounting policies used for the preparation of these consolidated financial statements is the need for Galp's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the

## Notes to the consolidated financial statements as of 31 December 2021

reported amounts of revenue and expenses. The actual amounts could differ from the estimates and assumptions used.

Accounting judgments and estimates which could have a significant impact on the results of the group are described in the Notes to the financial statements alongside the significant accounting policies. Those areas requiring the most significant judgment and the use of estimates when preparing these consolidated financial statements are: (i) Accounting for interests in other entities (Note 9 and 31); (ii) Accounting for oil and natural gas properties, including the estimate of reserves (Note 5); (iii) Recoverability of the carrying value of assets (Notes 5,6 and 8); (iv) Provisions and contingencies (Note 18); (v) Pensions and other post-employment benefits (Note 17); (vi) Income taxes (Note 16); (vii) Leases (Note 7); (viii) Fair value measurements of financial instruments and (ix) own-use exemptions. Where an estimate carries a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year, this is specifically stated within the respective note.

### Energy Transition

Energy transition refers to the gradual shift from fossil-based energy production to renewable energy sources such as wind, solar and hydropower, as well as lithium-ion batteries, hydrogen and biofuels.

While energy consumption is expected to continue rising, the higher penetration of renewable energy sources into the energy supply mix, the increasing electrification in transport, manufacturing and buildings, and the subsequent needs of improved energy storage, new mobility solutions and energy efficient technologies are all important drivers and challenges of the energy transition.

Galp aims to play an important role in the energy transition, adapting its business portfolio to accompany the shifting paradigm in energy sources, while

taking advantage, as much as possible, of synergies with existing businesses and distribution networks. The Group has already taken in recent years significant steps to diversify its asset base with a view to mitigate the carbon footprint of fossil fuel related business areas and remains committed to the investment in alternative energy sources and to the development of innovative solutions that will contribute to a low-carbon economy.

The revised long-term objectives and pathway towards carbon emissions reduction is expected to be met primarily by the execution of the main strategic guidelines announced by the Company, namely:

- Reduction of 40% of absolute emissions from operations (Scope 1 and 2 emissions) in 2030;
- Reduction of 40% of the production carbon intensity in 2030;
- Reduction of 20% of all downstream sales carbon intensity in 2030.

(all reductions refer to 2017 as a baseline year, the year where Galp announced the diversification of its portfolio beyond Oil & Gas and that will be considered the base year for any analysis of carbon intensity evolution in the future)

These targets are part of Galp's ambition to reach Net Zero Emissions (scopes 1, 2 and 3) by 2050.

This note describes how GALP has considered climate-related impacts in some key areas of the financial statements and how this translates into the valuation of assets and measurement of liabilities as GALP progresses in the energy transition.

The Significant accounting policies, judgements and estimates section above provides the specific reference to the notes where the relevant uncertainties,



## Notes to the consolidated financial statements as of 31 December 2021

including those that have the potential to have a material effect on the Consolidated Balance Sheet in the next 12 months, are described.

This note describes the key areas of climate impacts that potentially have short- and longer-term effects on amounts recognised in the Consolidated Balance Sheet at December 31, 2021. Where relevant, this note contains references to other notes to the Consolidated Financial Statements and aims to provide an overarching summary.

### Financial planning and assumptions

Group's decarbonization ambitions (See above) are embedded in Galp's business plan. GALP will continue to revise its business plan, price outlooks and assumptions as it moves towards net-zero emissions by 2050.

The financial plan includes expected cost for evolving carbon regulations based on a forecast of GALP's equity share of emissions from operated and non-operated assets also considering the estimated impact of free allowances. Carbon cost estimates range around €90 per tonne of GHG emissions in 2030.

### Potential Accounting Impact of Energy Transition

#### Changes in commodity prices and potential impairments

As noted, in accordance with IFRS, GALP's financial statements are based on reasonable and supportable assumptions that represent management's current best estimate of the range of economic conditions that may exist in the foreseeable future.

Energy transition is expected to bring volatility and there is large uncertainty as to how commodity prices will develop over the next decades. External climate

price scenarios differ with some presenting a structural lower price during the transition

period, while other price lines see structural higher commodity prices as a result of changes in both supply and demand.

Refer to note 5 for GALP's best estimate for future oil and gas prices and related sensitivities. If different price outlooks from external and often normative climate change scenarios were used, this may impact the recoverability of certain assets recognised in the Consolidated Balance Sheet as at December 31, 2021. These external scenarios are not representative of management price reasonable estimate.

### Change of portfolio

Galp's strategy to play an important role in the energy transition may also result in new asset investments and divestments, which will impact the balance sheet and the Group's future results. Portfolio changes were already made with the closure of the Matosinhos refinery and the acquisition of Titan 2020, S.A. (ex-Zero E Euro Assets, S.A.) a large solar PV player.

### Earlier than expected termination of abandonment provisions

Energy transition may lead to earlier than planned decommissioning and restoration commitments. Galp has recognized in its accounts abandonment provisions for all assets where the abandonment commitments are material, except for Sines refinery industrial complex. The Sines industrial complex is the only refinery in Portugal and will likely play a major role in the energy transition, for the production of new low CO<sub>2</sub> products, biofuels and Hydrogen.

## Notes to the consolidated financial statements as of 31 December 2021

### Climate Changes

As with the Energy Transition, Galp has been working in the assessment of the potential impact of climate change risks in its activities. This analysis has the double objective of valuing the resilience of Galp's strategy under different scenarios while at the same time identify relevant opportunities and threats.

Galp integrated the TCFD recommendations in the identification of climate change related risks. A set of physical and market variables were collected in order to estimate the impact of climate change risks in Galp's operations and value at risk.

#### Potential Accounting Impact of Climate Change

##### Physical risks of Assets due to weather catastrophes

Galp is in the process of conducting multiple studies aimed at expanding the understanding of physical risks. These studies will allow a better understanding of the resilience of GALP's physical assets in the short to medium term given the estimated pace of climate change.

Galp has several core assets near the coastline and holds interests in joint operations in deep waters with Floating Production and Offloading Vessels (FPSO). These core assets, as well as other Galp assets, are covered by insurance.

##### Change of commodity and CO<sub>2</sub> prices

Climate change may affect the supply and demand of energy both at a local and a global level which, in turn, may have an impact on the financial statements of Galp Group through variables such as CO<sub>2</sub> prices or the price and quantities

traded of commodities in general. Such risks are closely monitored and are be appropriately reflected in the financial statements when and if they occur.

### 2.2 Significant changes during the year

#### 2.2.1 Macroeconomic event, and financial derivatives

During the second half of 2021 we have witnessed major macroeconomic events with soaring energy prices in gas, electricity and oil due to supply restrictions and a rise noted in consumption after the Covid-19 economic slowdown.

Financial derivatives are used to reduce short- and long-term uncertainties. As a consequence of the high volatility in commodity markets observed in the second half of 2021, Mark-to-Market financial derivatives held by Galp significantly impacted Galp's Financial results, mostly related to natural gas trading activities. Most of the gas sourced by Galp is acquired on a Brent-indexed basis, a significant proportion of which is sold to clients on a TTF index basis. The gains from the sharp increase in TTF are neutralized by derivatives set to cover TTF vs Brent spread risk. Some of the derivatives require margin deposits (exchange-traded TTF futures) which temporarily affect the Galp cash position, most of which will be reverted as the gas is delivered to clients in subsequent periods. In 2021, Group's working capital includes a temporary €605 m increase in hedging margin accounts.

#### 2.2.2 Impacts of the COVID-19 pandemic

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization (WHO). Strict social isolation measures were put in place since then in several countries, contributing to a significant slowdown in the global economic environment, reduced demand for oil and its products, including in key markets in which Galp operates such as Portugal and Spain.

## Notes to the consolidated financial statements as of 31 December 2021

Throughout 2021 demand was still significantly below pre-Covid levels in most commercial segments, more notably in the aviation and maritime bunkering and industrial activities.

Consistent with the prior year, Galp has performed impairment tests based on the long-term assumptions defined in the business plan approved by management. For the details refer to note 5.

### 2.2.4 Changes to the consolidation perimeter

During the twelve-month period ended on the 31 December 2021 Galp has entered into the following transactions:

Legal Entity	Country	% Acquired	Transaction	Consolidation Method
Bujeo 2021, SLU (ex-Eter Solarbay, SLU)	Spain	100%	Acquisition of Control	Full consolidation
Jerjes Energia, SLU (ex-Ciclope Solarbay, SLU)	Spain	100%	Acquisition of Control	Full consolidation
Duplexia Experts, SL	Spain	100%	Acquisition of Control	Full consolidation
Gastroselector Market, SL	Spain	100%	Acquisition of Control	Full consolidation
Pitarco, SLU (ex-Enerland Solar 3)	Spain	100%	Acquisition of Control	Full consolidation
ISDC International Solar Development Corporation, Lda	Portugal	100%	Acquisition of Control	Full consolidation
QNO – Sociedade Agricola Unipessoal, Lda.	Portugal	100%	Acquisition of Control	Full consolidation
Gasinsular - Combustíveis do Atlântico, S.A.	Portugal	-	Merger	Merged into Galp Madeira, S.A.
Galp Power, S.A.	Portugal	-	Merger	Merged into Petrogal, S.A.
Tagusgás Propano, S.A.	Portugal	-	Merger	Merged into Petrogal, S.A.
CMD – Aeroportos Canarios S.L	Spain	15%	Distributed by Liquidation	Distributed by liquidation of Galp Disa Aviacion, S.A.
BT-POT-32 Consortium	Brazil	50%	Sold	Joint operation sold for USD 6m
BT-Seal-13 Consortium	Brazil	50%	Sold	Joint operations sold for R\$ 8,5m
BM-POT-17 Consortium	Brazil	20%	Ceased	Contract ceased by transferring shares to Petrobrás
BM-POT-16 Consortium	Brazil	20%	Returned	Returned to Brazilian oil agency

### 2.2.3 Cash Flow statement – indirect method

As permitted by IAS 7 – Cash Flow Statement, Galp has decided to change the method of presenting the consolidated statement of cash flow from direct to indirect method. For better comparison, the condensed consolidated statement of cash flows for the period ended as of 31 December 2020 was restated.

## Notes to the consolidated financial statements as of 31 December 2021

Legal Entity	Country	% Acquired	Transaction	Consolidation Method
Block E S06-04 Consortium	East Timor	10%	Returned	Returned to East Timor authorities
PEL 82 Consortium	Namibia	40%	Acquisition	Reorganisation of consortium stakes of the remaining partners

For further details of Consolidation perimeter and Galp financial interests in entities see note 30.

### 2.2.5 Presentation of cost of emissions in the statement of profit or loss

Galp has decided to change the presentation, for better alignment with the industry practice, of the cost of emissions from Other operating costs to Cost of sales in the amount of €51m during the twelve months of 2021. For better comparison the consolidated statement of profit or loss for the period of twelve month ended as of 31 December 2020 was restated.

### 2.2.6 Implementation of a new Enterprise Resource Planning (ERP)

Following the ongoing process for digital transformation in 2021 GALP has continued the implementation of its multi annual project for the transformation of the group's Enterprise Resource Planning (ERP) which supports Galp's financial reporting, including the preparation of group's financial statements – SAP S/4HANA. The new ERP will be standard to GALP and its subsidiaries, impacting the most relevant internal processes including the related control

activities. In 2021, several subsidiaries migrated to the new ERP, including GALP Energia SGPS, S.A..

## 3. Impact of new international financial reporting standards

### 3.1 New Standards and amendments endorsed by the European Union adopted on 1 Jan 2021 and to be adopted in future years

## Notes to the consolidated financial statements as of 31 December 2021

The IFRS standards endorsed and published on the Official Journal of the European Union (OJEU) during the year 2021 and enforceable for accounting purposes in 2021 or in subsequent years are presented in the table below:

IFRS/IFRIC Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	31/08/2021	01/04/2021	2021	Without relevant accounting impacts.
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	14/01/2021	01/01/2021	2021	No predictable impact.
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	16/12/2020	01/01/2021	2021	Applicable but without relevant accounting impacts.*

\* impact on Group entity Tagus Re, S.A.

IFRS/IFRIC Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17	23/11/2021	01/01/2023	2023	Applicable but impacts are still being estimated.*
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020	02/07/2021	01/01/2022	2022	Without relevant accounting impacts.

\* impact on Group entity Tagus Re, S.A.

## 4. Segment information

### Operating segments

The Group operates across four different operating segments based on the types of products sold and services rendered: (i) Upstream, (ii) Industrial & Energy Management; (iii) Commercial and (iv) Renewables and New Businesses.

The Upstream (ex-Exploration and Production) segment represents Galp's presence in the Upstream sector of the oil and gas industry, which involves the management of all activities relating to the exploration, development and production of hydrocarbons, mainly focused on Brazil, Mozambique and Angola.

The Industrial & Energy Management segment operates the Sines refinery in Portugal, and also includes all activities relating to the Energy Management of oil products, gas and electricity. This segment also comprises all storage and transportation infrastructure for oil, gas products and the sale of electricity to the grid in Portugal and Spain, for both export and import.

## Notes to the consolidated financial statements as of 31 December 2021

The Commercial segment encompasses the area of retail to final B2B and B2C customers of oil, gas, electricity and convenience.

The Renewables and New businesses segment represents Galp's presence in the renewable energies industry.

Besides the four operating segments above, the Group classified in the category "Others" the holding company Galp Energia, SGPS, S.A., and companies with activities that differ from the Company's core business, including Tagus Re, S.A. and Galp Energia, S.A., a reinsurance company and a provider of shared services at the corporate level, respectively.

The segment reporting is presented on a replacement cost (RC) basis, which is the earnings measure used by the Chief Operating Decision Maker (in this case the Executive Board) to make decisions regarding the allocation of resources and the assessment of performance. Based on the RC method, the current method of measuring cost of sales under IFRS (the weighted average cost method) is replaced by the crude reference price (i.e. Brent-dated) as of the balance sheet date, as though the cost of sales had been measured at the replacement cost of the inventory sold. We have also disclosed in this note a reconciliation between the results under IFRS and those presented in the segment information.

## Notes to the consolidated financial statements as of 31 December 2021

The financial information of the segments identified above, as of 31 December 2021 and 2020, is presented as follows:

	Unit: € m													
	Consolidated		Upstream		Industrial & Energy Management		Commercial		Renewables and New businesses		Others		Consolidation adjustments	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Sales and services rendered</b>	<b>16,117</b>	<b>11,381</b>	<b>3,058</b>	<b>1,768</b>	<b>6,298</b>	<b>4,453</b>	<b>7,917</b>	<b>5,922</b>	<b>50</b>	<b>33</b>	<b>84</b>	<b>205</b>	<b>(1,289)</b>	<b>(1,000)</b>
<b>Cost of sales</b>	<b>(12,139)</b>	<b>(7,992)</b>	<b>(354)</b>	<b>55</b>	<b>(6,095)</b>	<b>(3,817)</b>	<b>(6,936)</b>	<b>(4,905)</b>	<b>(31)</b>	<b>(23)</b>	<b>(38)</b>	<b>(0)</b>	<b>1,315</b>	<b>698</b>
of which Variation of Production	139	(149)	(68)	48	205	(198)	0	0	1	1	0	0	0	0
<b>Other revenue &amp; expenses</b>	<b>(1,667)</b>	<b>(1,806)</b>	<b>(657)</b>	<b>(646)</b>	<b>(176)</b>	<b>(571)</b>	<b>(693)</b>	<b>(690)</b>	<b>(32)</b>	<b>(19)</b>	<b>(84)</b>	<b>(184)</b>	<b>(26)</b>	<b>302</b>
of which Under & Overlifting	(44)	(76)	(44)	(76)	0	0	0	0	0	0	0	0	0	0
<b>EBITDA at Replacement Cost</b>	<b>2,311</b>	<b>1,582</b>	<b>2,047</b>	<b>1,177</b>	<b>27</b>	<b>65</b>	<b>288</b>	<b>328</b>	<b>(13)</b>	<b>(9)</b>	<b>(38)</b>	<b>21</b>	<b>(0)</b>	<b>0</b>
<b>Amortisation, depreciation and impairment losses on fixed assets</b>	<b>(961)</b>	<b>(1,289)</b>	<b>(596)</b>	<b>(706)</b>	<b>(242)</b>	<b>(476)</b>	<b>(106)</b>	<b>(94)</b>	<b>(1)</b>	<b>0</b>	<b>(15)</b>	<b>(13)</b>	<b>0</b>	<b>0</b>
<b>Provisions (net)</b>	<b>(67)</b>	<b>(106)</b>	<b>10</b>	<b>(3)</b>	<b>(73)</b>	<b>(94)</b>	<b>(2)</b>	<b>1</b>	<b>2</b>	<b>(10)</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EBIT at Replacement Cost</b>	<b>1,283</b>	<b>187</b>	<b>1,461</b>	<b>468</b>	<b>(289)</b>	<b>(505)</b>	<b>179</b>	<b>234</b>	<b>(13)</b>	<b>(19)</b>	<b>(56)</b>	<b>8</b>	<b>(0)</b>	<b>0</b>
<b>Earnings from associates and joint ventures</b>	<b>83</b>	<b>220</b>	<b>3</b>	<b>63</b>	<b>26</b>	<b>161</b>	<b>7</b>	<b>(2)</b>	<b>48</b>	<b>(2)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Financial results</b>	<b>(911)</b>	<b>(186)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Taxes and SPT at Replacement Cost</b>	<b>(549)</b>	<b>(373)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Energy Sector Extraordinary Contribution</b>	<b>(41)</b>	<b>(45)</b>	<b>0</b>	<b>0</b>	<b>(21)</b>	<b>(25)</b>	<b>(9)</b>	<b>(9)</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>(10)</b>	<b>0</b>	<b>0</b>
<b>Consolidated net income at Replacement Cost, of which:</b>	<b>(134)</b>	<b>(197)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Attributable to non-controlling interests</b>	<b>146</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Attributable to shareholders of Galp Energia SGPS SA</b>	<b>(280)</b>	<b>(213)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER INFORMATION</b>														
<b>Segment Assets<sup>1</sup></b>														
Financial investments <sup>2</sup>	389	483	200	329	24	32	26	16	145	104	0	2	(6)	0
Other assets	14,523	12,009	6,553	6,223	3,606	2,335	2,830	2,310	500	316	2,148	1,348	(1,114)	(524)
<b>Segment Assets</b>	<b>14,912</b>	<b>12,492</b>	<b>6,753</b>	<b>6,552</b>	<b>3,630</b>	<b>2,367</b>	<b>2,855</b>	<b>2,326</b>	<b>646</b>	<b>420</b>	<b>2,148</b>	<b>1,350</b>	<b>(1,120)</b>	<b>(524)</b>
of which Rights of use of assets	1,079	1,002	625	606	149	195	172	141	3	0	130	74	(0)	(15)
<b>Investment in Tangible and Intangible Assets</b>	<b>883</b>	<b>637</b>	<b>662</b>	<b>440</b>	<b>67</b>	<b>76</b>	<b>88</b>	<b>95</b>	<b>46</b>	<b>6</b>	<b>21</b>	<b>19</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Net amount

<sup>2</sup> Accounted for based on the equity method of accounting

## Notes to the consolidated financial statements as of 31 December 2021

The detailed information on sales and services rendered, tangible and intangible assets and investments in associates and joint ventures for each geographical region in which Galp operates is as follows:

	Unit: € m					
	Sales and services rendered <sup>1</sup>		Tangible and intangible assets		Financial investments	
	2021	2020	2021	2020	2021	2020
	<b>16.117</b>	<b>11.381</b>	<b>5.898</b>	<b>5.494</b>	<b>389</b>	<b>483</b>
Africa	400	517	1.121	1.021	216	168
Latin America	1.717	877	3.204	2.808	42	209
Europe	14.000	9.987	1.574	1.665	130	105

Net consolidation operation

Commercial and financial transactions between related parties are performed according to the usual market conditions, similarly to the transactions between independent parties.

The reconciliation between the Segment Reporting and the Consolidated Income Statement for the year ended 31 December 2021 and 2020 is as follows:

	Unit: € m	
	2021	2020
<b>Sales and services rendered</b>	16,117	11,381
<b>Cost of sales</b>	(11,752)	(8,461)
Replacement cost adjustments (1)	(387)	469
<b>Cost of sales at Replacement Cost</b>	(12,139)	(7,992)
<b>Other revenue and expenses</b>	(1,667)	(1,806)
<b>Depreciation and amortisation</b>	(961)	(1,289)
<b>Provisions (net)</b>	(67)	(106)
<b>Earnings from associates and joint ventures</b>	83	220
<b>Financial results</b>	(911)	(186)
<b>Profit before taxes and other contributions at Replacement Cost</b>	<b>456</b>	<b>221</b>
Replacement Cost adjustments	387	(469)
<b>Profit before taxes and other contributions at IFRS</b>	<b>843</b>	<b>(248)</b>
Income tax and SPT	(652)	(242)
Income tax on Replacement Cost Adjustment (2)	103	(131)
Energy Sector Extraordinary Contribution	(41)	(45)
<b>Consolidated net income for the period at Replacement Cost</b>	<b>(134)</b>	<b>(197)</b>
Replacement Cost (1) + (2)	284	(338)
<b>Consolidated net income for the period based on IFRS</b>	<b>150</b>	<b>(535)</b>



## Notes to the consolidated financial statements as of 31 December 2021

### 5. Tangible assets

#### Accounting policies

##### Recognition

Tangible assets are stated at cost, less accumulated depreciation and cumulative impairment losses. The acquisition cost includes the purchase amount, plus transport and assembly costs, any decommissioning obligations and financial interest incurred during the construction phase. Tangible work-in-progress assets refer to assets under construction and are stated at cost less cumulative impairment losses.

##### Major maintenance and repairs

Expenditure on major maintenance or repairs represents the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was depreciated separately is replaced, and it is probable that the future economic benefits associated with the item will flow to the group, the expenditure is capitalised, and the carrying amount of the replaced asset is derecognised. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period until the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs, are expensed as they are incurred.

##### Upstream Tangible Assets

Hydrocarbon exploration costs are accounted for under the successful efforts' method: exploration costs are recognised in income when incurred (i.e. expenditure related to G&G – Geological & Geophysical - and G&A – General & Administrative), except for exploratory drilling costs, which are included in tangible assets (work-in-progress assets) pending determination of proved

reserves and are subject to impairment test when triggers are identified. Dry wells are recorded as expenses for the year. At the start of production capitalised costs are depreciated based on the depreciation policy in force.

##### Depreciation

##### Upstream Tangible Assets

Tangible assets related to hydrocarbon production activities, including related pipelines, mineral rights and future decommissioning costs are in principle depreciated on a unit-of-production basis over the proved developed reserves of the field concerned.

The UoP rate for the depreciation of common facilities considers the expenditure incurred to date, together with the estimated future capital expenditure expected to be incurred in relation to the as-yet undeveloped reserves expected to be processed using these common facilities. Floating platforms (FPSOs) are currently depreciated using the straight-line method, based on the lower of the estimated asset's useful life and the concession period of the field where the platform is deployed.

##### Depreciation rates for Tangible Assets

The average annual depreciation rates used are as follows:

Depreciation rates	2021	2020
Buildings and other constructions	3.62%	4.4%
Machinery and equipment	13.65%	10.5%
Transport equipment	11.46%	20.3%
Tools and utensils	16.45%	21.1%
Administrative equipment	11.00%	23.7%
Reusable containers	13.00%	13.5%
Other tangible assets	6.12%	7.4%

## Notes to the consolidated financial statements as of 31 December 2021

### Impairment analysis

Impairment testing is performed as at the date of the financial statements and whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable or previous years impairments are to be reversed. When performing impairment testing, tangible assets are allocated to the respective cash generating unit (CGU). The recoverable amount of an asset is estimated as part of the CGU to which it belongs, according to the discounted cash flow method. The discount rates are calculated by adjusting the post-tax rate to reflect the specific risk levels of the CGUs.

### Industrial & Energy Management and Commercial segments impairment tests

Tangible and intangible assets related to the Industrial & Energy Management and Commercial segments are assessed by the Group for impairment at the end of each reporting period or when impairment indicators (or indicators for impairment reversal) are identified, considering internal and external sources of information.

#### Commercial

In its annual impairment testing of Commercial segment, the Group considers the service station network of each country as a separate CGU, given: (i) the interdependence of the service stations in terms of sustaining the Company's market share, and therefore its results; and (ii) the provision of loyalty programmes and fleet cards at a national level.

The impairment testing carried out by the Group is based on the estimated recoverable amount of the service station network compared to its net book value at the end of each reporting period. The recoverable amount (value in use) determined by the Group corresponds to the present value of the expected future cash flow, which in turn is determined based on the annual budgets and business plans for the

service station network, using a post-tax discount rate adjusted for the specific risks of that segment. See note 8 for valuation model and discount rate used.

### Industrial & Energy Management

Impairment testing is also performed on the other assets of the Industrial & Energy Management segment, including Sines refinery and tangible assets associated with logistics and storage activities. The period of the cash flow projection varies as a function of the CGU's average economic useful life.

The determination of the value in use of refining assets was based on the assumptions defined in the business plan, as follows:

- Refining margin;
- Carbon prices;
- Refinery availability;
- Future operating and investments costs;
- Discount rate (see note 8).

### Upstream segment impairment testing

- Impairment on exploration and production assets are recorded when:
- Economically feasible reserves are not found;
- The exploration licence expires and is not expected to be renewed;
- When an acquired area is relinquished or abandoned; and

## Notes to the consolidated financial statements as of 31 December 2021

- When the carrying amount exceed its recoverable amount.

Tangible and intangible assets related to the Upstream segment are assessed for impairment by the Group periodically (annually, or quarterly where indications of impairment are identified). The selected CGU will be the project or the individual block, depending on the stage of maturity of the respective investment. The assessment for impairment is carried out in accordance with the expected monetary value (EMV model), comparing the carrying amount of the investment with the present value of the expected future cash flow using a post-tax discount rate adjusted for the risks specific to the asset for which the future cash flow estimates have not been adjusted, calculated considering the estimates of:

- The probable reserves;
- The investment and future operating costs needed to recover the probable reserves;
- The amount of any contingent resources, adjusted to reflect the probability of geological success;
- The investment and future operating costs required to recover the contingent resources;
- The reference price of a barrel of Brent crude;
- The applicable exchange rates;
- The CGU taxation mechanisms;
- The estimated production level and concession period; and

- The asset retirement obligations.

The EMV model considers in its calculation the PoS (the probability of geological success a.k.a. the probability of success), which is a conditional statistical probability (Bayesian probability). This probability is used in geological science as part of a probability matrix based on seismic information and other G&G information. This underlying information takes into account the quantity, quality and certainty of the reserves (data controls). The cash flow projection period is equal to the recovery of the reserves and resources during the concession period, up to the limit of the terms of the respective concession agreements, if applicable.

Galp can carry out impairment testing at any stage of exploration and production, i.e. in the exploration, development and production stages, when facts and circumstances suggest that the carrying amount of an exploration and production asset may exceed its recoverable amount.

In the exploration phase, the CGU depends on the stage at which the investment is made in each project. For example, at an early investment stage, the CGU will be the country-level entity, given that the investment also includes investments in signature bonuses and any generic research performed in the area. Once an overall area is divided into blocks by the relevant country's authorities, Galp will recognise each block as a CGU, down levelling the assessment for the purposes of impairment testing. As there are no reserves at this stage, Galp carries out impairment testing of prospective and contingent resources (1C, 2C and 3C) with a very low PoS.

If proved reserves are booked, the investment moves into the development stage, having already been subject to impairment testing. During the development phase and if required, the impairment analysis also considers the PoS (which is higher than at earlier stages, since there is now an estimate of the commercially viable reserves) and 2P reserves (probable reserves) in order to

## Notes to the consolidated financial statements as of 31 December 2021

estimate the future cashflows that are expected to be generated by the block under analysis.

### Accounting estimates and judgments

#### Commodity price assumptions

Future commodity price assumptions used in the impairment testing in the Upstream and Industrial & Energy Management (refining assets) segments, are regularly assessed by management, noting that management does not necessarily consider short-term increases or decreases in prices as being indicative of long-term levels.

Management's estimate of refining margins used in the impairment testing was based on a linear refinery simulation software considering the current refinery configuration and to generate, on an optimized basis, estimated refinery products yields and energy consumption data based on a refining mixture of available Brent and other refinery feedstocks. Galp's refining margin also incorporates the costs associated with CO<sub>2</sub> emissions.

Future commodities prices and refining margins used in impairment testing provide a source of estimation uncertainty as referred to in paragraph 125 of IAS 1 Presentation of Financial Statements (IAS 1.125).

Information about the carrying amounts of assets and impairments and their sensitivity to changes in significant estimates are presented in note 5.

#### Crude oil and gas reserves

The estimate of oil and gas reserves is an integral part of the decision-making process relating to the exploration and development of Upstream assets. The

volume of proved reserves is used to calculate the depreciation of exploration and production assets, in accordance with the units of production method. The expected production volumes, which comprise proved reserves and unproved volumes is used to assess the project's recoverable amount. The estimated proved reserves are also used to recognise the annual abandonment costs. The estimated proved reserves are subject to judgment, and to future revision based on newly available information, including information relating to the development activities, drilling or production, exchange rates, prices, or contract termination. The impact of any changes to the estimates of reserves are accounted for on a prospective basis. The estimates of oil and gas reserves, and any movements occurring during the year, are described in the Supplementary Information of the Integrated Report, which is not audited.

#### Useful lives and residual values of tangible assets

The calculation of the assets' residual values and useful lives, as well as the method to be applied, are necessary to determine the depreciation and amortisation to be recognised in the consolidated income statement for each period. These parameters are set based on management's judgment, as well as being in line with the practices adopted in the industry. Changes in assets' economic useful lives are accounted for on a prospective basis.

## Notes to the consolidated financial statements as of 31 December 2021

	Unit: € m				
	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
<b>As of 31 December 2020</b>					
Acquisition cost	1,253	10,499	499	1,583	13,833
Impairment	(29)	(159)	(2)	(167)	(356)
Accumulated depreciation and depletion	(770)	(7,385)	(445)	0	(8,599)
<b>Net value</b>	<b>454</b>	<b>2,955</b>	<b>52</b>	<b>1,417</b>	<b>4,878</b>
<b>As of 31 December 2021</b>					
Acquisition cost	1,279	11,315	499	2,006	15,098
Impairment	(26)	(116)	(1)	(212)	(354)
Accumulated depreciation and depletion	(791)	(8,332)	(452)	0	(9,575)
<b>Net value</b>	<b>462</b>	<b>2,866</b>	<b>46</b>	<b>1,794</b>	<b>5,169</b>

Movements in tangible assets in 2021 and 2020 are as follows:

	Unit: € m				
	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
<b>Balance as of 1 January 2020</b>	<b>457</b>	<b>3,267</b>	<b>51</b>	<b>1,896</b>	<b>5,671</b>
Additions	0	16	2	607	624
Depreciation, depletion and impairment	(27)	(934)	(20)	(129)	(1,111)
Disposals/Write-offs	(1)	(5)	0	(45)	(52)
Transfers	29	756	21	(805)	0
Currency exchange differences and other adjustments	(3)	(143)	(2)	(106)	(255)
<b>Balance as of 31 December 2020</b>	<b>454</b>	<b>2,955</b>	<b>52</b>	<b>1,417</b>	<b>4,878</b>
<b>Balance as of 1 January 2021</b>	<b>454</b>	<b>2,955</b>	<b>52</b>	<b>1,417</b>	<b>4,878</b>
Additions	0	40	1	768	809
Depreciation, depletion and impairment	(18)	(702)	(19)	(43)	(783)
Disposals/Write-offs	(1)	(2)	0	0	(3)
Transfers	23	422	12	(455)	1

## Notes to the consolidated financial statements as of 31 December 2021

	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
Currency exchange differences and other adjustments	4	153	1	108	266
<b>Balance as of 31 December 2021</b>	<b>462</b>	<b>2,866</b>	<b>46</b>	<b>1,794</b>	<b>5,169</b>

Unit: € m

During the year ended 31 December 2021, the Group made investments in the Upstream segment in relation to projects in Brazil (€505 m), Mozambique (€ 405 m) and Angola (€38 m). The amounts mentioned above include the capitalisation of financial charges in the amount of €15 m (Note 27).

In addition, in 2021, the Group recognised under "Depreciation, depletion and impairment" caption an impairment loss €50 m related to Matosinhos assets, as well as a gain of €49 m related to the residual value of assets to be dismantled.

### Upstream segment assets

Details of assets under construction and assets in production for the Upstream segment for the years ended 31 December 2021 and 2020, including Tangible and Intangible Assets, are presented in the table below:

	Africa		Latin America		Total	
	2021	2020	2021	2020	2021	2020
<b>Exploration and Production Assets</b>	<b>1,031</b>	<b>958</b>	<b>3,192</b>	<b>2,802</b>	<b>4,223</b>	<b>3,761</b>
<b>Assets under construction</b>	<b>567</b>	<b>462</b>	<b>806</b>	<b>666</b>	<b>1,373</b>	<b>1,128</b>
Mineral Rights	0	2	0	0	0	2
In exploration	362	280	202	254	564	533
In development	193	126	598	405	791	531
Financial interests	12	54	6	7	18	62
<b>Net Fixed Assets</b>	<b>464</b>	<b>496</b>	<b>2,386</b>	<b>2,136</b>	<b>2,850</b>	<b>2,633</b>
Mineral Rights	14	18	417	323	431	342
In production	450	466	1,856	1,678	2,307	2,143
Financial interests	0	13	113	136	113	148

Unit: €m

## Notes to the consolidated financial statements as of 31 December 2021

### Impairment Analysis

#### Refineries, logistics and storage facilities

Impairment testing was carried out for several CGUs of the Industrial & Energy Management segment, including Refineries and Storage facilities. Based on the impairment testing carried out, the expected future benefits from the assets are higher than the carrying amount.

Year-end analysis of the sensitivity of the carrying amount of the refining assets included fluctuations in the refining margin and discount rates. The forecast refining margin in the impairment testing were in a range from 4.3 \$/bbl to 5.4 \$/bbl during the business plan period.

A sensitivity was carried out to test the impact of the refining margin and discount rate on the value of the refining assets. The sensitivity analysis had been prepared using a 0.5 \$/bbl decrease in the refining margin assumptions approved by Galp's Board of Directors and 1% increase in the discount rate, with no impairment identified.

#### Service Station Network

Impairment testing and sensitivity analysis were carried out for the service station network in Portugal and Spain. The stress analysis was based on the following fundamental assumptions:

- A negative variation in cash flow by 10%; and
- An increase in the discount rate by 1 p.p. Based on the impairment test carried out, the expected future benefits of the service station network in Portugal and Spain are higher than the carrying values, and therefore no impairment has been recorded. Based on the sensitivity analysis using the

variations in the fundamental assumptions mentioned above, no potential impairment loss was identified in relation to the service station network in Portugal and Spain.

The future cash flow projections at the CGU level have been discounted using an appropriate discount rate which reflects the business unit's specific risks. For details of the discount rate used for the purposes of impairment testing, see Note 8.

#### Upstream segment assets

Tangible and intangible assets of the Upstream segment were subject to an impairment test and year-end analysis of the sensitivity of the carrying value of the main assets to fluctuations in the Brent price.

The forecast Brent prices considered in the impairment testing were as follows: 2022-2027: \$70/bbl, \$68/bbl, \$65/bbl, \$66/bbl, \$68/bbl, \$69/bbl, respectively. For periods from 2028 the forecast Brent price is \$70/bbl.

Based on the impairment testing carried out, the expected future benefits from the assets are higher than the carrying value per CGU for the regions in which Galp operates (Angola, Mozambique and Brazil).

The discount rate used in the impairment test reflects the risks specific to the Upstream assets for which the future cash flow estimates have not been adjusted, calculated on a USD basis. For details of the discount rate used for the impairment testing, see Note 8.

A sensitivity analysis was carried out to test the impact of the volatility of the Brent price on the value of the main Upstream assets. The sensitivity analysis had been prepared using a \$5/bbl decrease in the Forecast Brent approved as Long-term assumption by Galp's Board of Directors. The results from the

## Notes to the consolidated financial statements as of 31 December 2021

analysis indicate that no future potential impairment in the geographical areas in which Galp operates.

### 6. Intangible assets

#### Accounting policies

##### Recognition

Intangible assets are measured at cost, less accumulated amortisation and impairment losses. Intangible Assets are identifiable non-monetary intangible assets, which are only recorded if it is probable that they will result in future economic benefits to the Group, these benefits are controlled by the Group and they can be reliably measured.

Intangible assets include costs incurred for the development of information systems, bonuses paid to retailers of Galp products, and land rights, which are amortised over the periods of the respective agreements.

##### Research and development

Research expenses not related to petroleum exploration and production activities are recognised as expenses for the period. Development expenses are only recognised as intangible assets if the Group has the technical and financial ability to develop the asset, decides to complete the development and starts commercially exploiting or using it, and it is probable that the asset created will generate future economic benefits.

##### Upstream

Signature bonuses (i.e. Mineral Rights) are ownership rights to explore oil and gas resources and are recognised as intangible assets.

See further details of the recognition policies for Upstream assets in Note 5.

##### Amortisation

Intangible assets with finite useful lives are amortised on a straight-line basis. The amortisation rates are set in accordance with the terms of the existing contracts, or with the expected use of the intangible assets. Intangible assets recognised in the exploration and production segment, namely signature bonuses, are recorded at their acquisition cost and are amortised on a UoP basis from the date on which production starts.

##### Impairment

The impairment testing of intangible assets is based on Management's projections of the net present value of the estimated future cash flows. The residual values used are based on the expected lives of the related products, the forecast lifecycle and the cash flow over that period, and on the economically useful lives of the underlying assets.

#### Accounting estimates and judgments

##### Useful lives and residual values of intangible assets

The calculation of the assets' residual values and useful lives, as well as the amortisation method to be applied, are essential to determine the amortisation recognised in the consolidated income statement for each period. These



## Notes to the consolidated financial statements as of 31 December 2021

parameters are set based on the judgment of Management, as well as the practices adopted by peers in the industry.

### Impairment of intangible assets

Determining whether impairment of assets has occurred requires a high level of judgment by management, specifically around Identifying and evaluating indicators for impairment or impairment reversal, projection of future cashflows, applicable discount rates, useful lives and residual amounts.

	Unit: € m		
	Industrial properties and other rights	Intangible assets in progress	Total
<b>As of 31 December 2020</b>			
Acquisition cost	962	70	1,033
Impairment	(18)	(21)	(39)
Accumulated amortisation	(462)	0	(462)
<b>Net Value</b>	<b>482</b>	<b>49</b>	<b>532</b>
<b>As of 31 December 2021</b>			
Acquisition cost	1,114	73	1,187
Impairment	(21)	(23)	(43)
Accumulated amortisation	(499)	0	(499)
<b>Net Value</b>	<b>595</b>	<b>50</b>	<b>645</b>

Movements in intangible assets in 2021 and 2020 are as follows:

	Unit: € m		
	Industrial properties and other rights	Intangible assets in progress	Total
<b>Balance as of 1 January 2020</b>	<b>542</b>	<b>36</b>	<b>577</b>
Additions	1	38	39
Amortisation and impairment	(28)	0	(28)
Write-offs/Disposals	(1)	0	(1)
Transfers	28	(28)	0
Currency exchange differences and other adjustments	(61)	5	(56)
<b>Balance as of 31 December 2020</b>	<b>482</b>	<b>49</b>	<b>532</b>
<b>Balance as of 1 January 2021</b>	<b>482</b>	<b>49</b>	<b>532</b>
Additions	23	112	134
Amortisation and impairment	(43)	0	(43)
Write-offs/Disposals	(3)	(2)	(5)
Transfers	109	(109)	0
Currency exchange differences and other adjustments	27	0	26
<b>Balance as of 31 December 2021</b>	<b>595</b>	<b>50</b>	<b>645</b>

Additions to intangible assets occurred essentially in the Upstream segment in relation to projects in Brazil (€73m) and €36m in the Industrial & Energy Management segment.

## Notes to the consolidated financial statements as of 31 December 2021

### 7. Leases

#### Accounting policies

##### Recognition

The Group recognises both a right-of-use asset and a lease liability as of the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The types of lease payments included in the measurement of the lease liability are as follows:

- Fixed payments, including in-kind fixed payments;
- Variable lease payments that are pegged to an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Group is reasonably certain to be able to exercise, lease payments over an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for the early termination of a lease, unless the Group is reasonably certain not to terminate it early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

##### Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

##### Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life

## Notes to the consolidated financial statements as of 31 December 2021

of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those used for the property and equipment items.

### Accounting estimates and judgments

#### Useful lives, residual values of assets and discount rates

The calculation of the assets' residual values, the estimation of the useful lives, and the discount rates used are based on the premises of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices in the industry.

The details of right-of-use assets are as follows:

	FPSO's <sup>1</sup>	Buildings	Service stations	Time Charter	Other usage rights	Total
Unit: € m						
<b>As of 31 December 2021</b>						
Acquisition cost	697	91	269	188	216	1,461
Accumulated amortisation	(132)	(16)	(56)	(129)	(49)	(382)
<b>Net Value</b>	<b>565</b>	<b>75</b>	<b>212</b>	<b>59</b>	<b>168</b>	<b>1,079</b>
<b>As of 31 December 2020</b>						
Acquisition cost	600	90	169	176	212	1,246
Accumulated amortisation	(87)	(10)	(34)	(81)	(33)	(244)
<b>Net Value</b>	<b>513</b>	<b>80</b>	<b>135</b>	<b>94</b>	<b>179</b>	<b>1,002</b>

<sup>1</sup> Floating, production, storage and offloading unit – floating oil production system, built on a ship structure, with a capacity for oil and natural gas production processing, liquid storage and transfer of oil to tankers.

## Notes to the consolidated financial statements as of 31 December 2021

Movements in right-of-use assets in 2021 and 2020 are as follows:

	FPSO's <sup>1</sup>	Buildings	Service stations	Time Charter	Other usage rights	Total
	Unit: € m					
<b>As of 1 January 2020</b>	<b>607</b>	<b>85</b>	<b>136</b>	<b>146</b>	<b>194</b>	<b>1,167</b>
Additions	0	3	24	4	2	33
Amortisation	(46)	(6)	(18)	(47)	(34)	(150)
Write-offs/Disposals	0	1	1	0	0	2
Currency exchange differences and other adjustments	(48)	(3)	(7)	(9)	18	(49)
<b>Balance as of 31 de dezembro 2020</b>	<b>513</b>	<b>80</b>	<b>135</b>	<b>94</b>	<b>180</b>	<b>1,002</b>
<b>As of 1 January 2021</b>	<b>513</b>	<b>80</b>	<b>135</b>	<b>94</b>	<b>180</b>	<b>1,002</b>
Additions	45	0	84	0	6	136
Amortisation and impairments	(43)	(6)	(26)	(45)	(14)	(134)
Write-offs/Disposals	(7)	0	2	0	(0)	(5)
Currency exchange differences and other adjustments	57	0	16	10	(4)	80
<b>Balance as of 31 December 2021</b>	<b>565</b>	<b>75</b>	<b>212</b>	<b>59</b>	<b>168</b>	<b>1,079</b>

<sup>1</sup> Floating, production, storage and offloading unit - floating oil production system, built on a ship structure, with a capacity for oil and natural gas production processing, liquid storage and transfer of oil to tankers.

Lease liabilities are as follows:

	Unit: € m	
	2021	2020
<b>Maturity analysis – contractual undiscounted cash flow</b>	<b>1,696</b>	<b>1,709</b>
Less than one year	174	180
One to five years	573	545
More than five years	949	984
<b>Lease liabilities included in the consolidated statement of financial position</b>	<b>1,179</b>	<b>1,089</b>
Current	164	166
Non-current	1.015	923

The amounts recognised in consolidated profit or loss are as follows:

	Unit: € m		
	Notes	2021	2020
		<b>405</b>	<b>490</b>
Interest on lease liabilities	<b>27</b>	76	80
Expenses related to short term, low value and variable payments of operating leases <sup>1</sup>		329	410

<sup>1</sup> Includes variable payments and short term leases recognised under the heading Transport of goods.

## Notes to the consolidated financial statements as of 31 December 2021

The amounts recognised in the consolidated statement of cash flow are as follows:

	Unit: € m	
	2021	2020
<b>Financing activities</b>	<b>191</b>	<b>191</b>
Payments relating to leases	115	110
Payments relating to lease interests	76	80

## 8. Goodwill

### Recognition

The differences between the investee's acquisition cost and the fair value of the identifiable assets and liabilities of the acquired entities at the acquisition date, if positive, are recorded within goodwill (when they result from goodwill in Group companies) or included in the line item "Investments in associated companies" (when they result from goodwill in associates). The negative differences are recognised immediately in the income statement.

### Impairment

The carrying value of Goodwill is allocated to the respective CGU, and the recoverable amount is also estimated for the CGU, using the value in use methodology. The value in use represents the expected future cash flow from the CGU, discounted at an appropriate discount rate that reflects the risks specific to the CGU. The carrying amount of goodwill is tested for impairment annually.

	Unit: € m	
	2021	2020
	<b>84</b>	<b>85</b>
Galp Comercialização Portugal, S.A. (incorporated in Petrogal)	51	51
Galp Eswatini (PTY) Limited	20	19
Galpgest - Petrogal Estaciones de Servicio, S.L.U.	6	6
Empresa Nacional de Combustíveis - Enacol, S.A.R.L.	4	4
Tagusgás Propano, S,A.	0	2
Galp Moçambique, Lda.	4	3

The methods and discount rates used for the valuation models were as follows:

Cash generating unit	Valuation Model	Cash flows	Growth factor	Discount rates	
				2021	2020
Financial Investments (included in operating segments)	DCF (Discounted Cash Flow)	In accordance with the budget for 2022 and the five year strategic plan	Gordon Model with perpetual growth rate of 2%	I&EM [6.2%-6.4%] UP [10.5% USD] COM [5.6%]	I&EM [6.2%-6.4%] UP [10.5% USD] COM [5.6%]

I&EM – Industrial & Energy Management | UP – Upstream | COM - Commercial

## Notes to the consolidated financial statements as of 31 December 2021

According to the defined assumptions, as of 31 December 2021 there were no goodwill impairments. A negative variance of 10% in cash flow or an increase in the discount rate by 1 p.p. would not result in an impairment of goodwill as of 31 December 2021.

### 9. Investments in associates and joint ventures

#### Accounting policies

##### Joint Arrangements and Associates

Arrangements under which Galp has contractually agreed to share control with another party or parties are deemed to be joint arrangements. These may be joint ventures where the parties have rights to the net assets of the arrangement, or joint operations where the parties have rights to the assets and obligations arising from the liabilities relating to the arrangement. Investments in entities over which Galp has the right to exercise significant influence but has neither control nor joint control, are classified as associates.

Investments in joint ventures and associates are accounted for using the equity method, under which the investment is initially recognised at cost and subsequently adjusted for Galp's share of post-acquisition net results. The investments are also adjusted for the dividends received and for Galp's share of other comprehensive income.

Where necessary, adjustments are made to the financial statements of joint ventures and associates to bring the accounting policies used into line with those of Galp. Galp recognises its assets and liabilities relating to its interests in joint operations, including its share of any assets held jointly and liabilities incurred jointly with other partners.

Information about joint arrangements and associates can be found in Note 29.

As of 31 December 2021 and of 31 December 2020, the net book values of investments in joint ventures and associates were as follows:

	Unit: € m	
	2021	2020
	<b>389</b>	<b>483</b>
Joint ventures	311	405
Associates	78	78

## Notes to the consolidated financial statements as of 31 December 2021

Movements in Joint Ventures are as follows:

	As of 31 December 2020	Share capital increase/ decrease	Equity Method	Other adjustments	Dividends	As of 31 December 2021
	<b>405</b>	<b>(80)</b>	<b>29</b>	<b>37</b>	<b>(80)</b>	<b>311</b>
Tupi B.V.	168	(109)	3	14	(76)	0
Iara B.V.	0	0	(1)	0	0	0
Zero -E-Euro Assets, S.A.	58	2	22	6	0	88
Coral FLNG, S.A.	161	26	0	13	0	201
Other joint ventures	17	0	5	4	(4)	22

Unit: € m

Other adjustments are mainly related to cumulative translation adjustments, that is exchange differences of foreign currencies to group reporting currency.

### Tupi B.V.

During the year, the joint venture Tupi BV repaid share premium contributions to its shareholders in the amount of €109 m as a result of the sale of equipment to the Upstream operations in Brazil as per REPETRO legislation.

A summary of the financial indicators of the significant joint ventures as of 31 December 2021 is shown below:

	Tupi B.V.*	Coral FLNG, S.A.*	Titan 2020, S.A.
<b>Total non-current assets</b>	<b>27</b>	<b>5,898</b>	<b>935</b>
<b>Total current assets</b>	<b>394</b>	<b>511</b>	<b>116</b>
Of which cash and cash equivalents	157	8	100
<b>Total assets</b>	<b>421</b>	<b>6,409</b>	<b>1,051</b>
<b>Total non-current liabilities</b>	<b>56</b>	<b>5,395</b>	<b>944</b>
Of which debt	0	3,840	401
<b>Total current liabilities</b>	<b>350</b>	<b>388</b>	<b>87</b>
Of which debt	0	0	17
<b>Total liabilities</b>	<b>406</b>	<b>5,783</b>	<b>1,030</b>

Unit: € m

## Notes to the consolidated financial statements as of 31 December 2021

	Tupi B.V.*	Coral FLNG, S.A.*	Titan 2020, S.A.
			Unit: € m
<b>Total operating income</b>	<b>1,033</b>	<b>0</b>	<b>128</b>
<b>Total operating costs</b>	<b>(989)</b>	<b>2</b>	<b>(59)</b>
Of which amortisation, depreciation and impairment losses on fixed assets	0	0	(31)
<b>Operating results</b>	<b>43</b>	<b>2</b>	<b>69</b>
Net financial results	6	0	(22)
<b>Profit before taxes</b>	<b>50</b>	<b>2</b>	<b>47</b>
Income taxes	(13)	0	(15)
<b>Net income for the year</b>	<b>36</b>	<b>2</b>	<b>32</b>

\* Provisional financial statement as of the closing date used to apply the equity method, converted at the spot and average exchange rates, respectively, for balance sheet and results indicators.

Movements in Associates are as follows:

	As of 31 December 2020	Share capital increase/ decrease	Equity Method	Foreign exchange rate differences	Dividends	As of 31 December 2021
	<b>78</b>	<b>(12)</b>	<b>66</b>	<b>(1)</b>	<b>(53)</b>	<b>78</b>
EMPL - Europe Magreb Pipeline, Ltd	14	0	33	(1)	(39)	7
Sonangal - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	6	0	2	1	(1)	9
Gasoduto Al-Andaluz, S.A.	3	0	0	0	(2)	0
Tauá Brasil Palma, S.A.	42	(15)	26	(1)	(7)	43
Galp Gás Natural Distribuição, S.A.	8	0	0	0	(1)	8
Other associates	6	3	6	0	(4)	12

For comparative information on Joint Ventures and Associates, please refer to the consolidated financial statements for the year ended 31 December 2020.



## Notes to the consolidated financial statements as of 31 December 2021

### 10. Inventories

#### Accounting policies

Inventories, other than Crude Oil held for trading, are stated at the lower of the acquisition cost (in the case of goods and raw and subsidiary materials) or the production cost (in the case of finished and semi-finished products and work in progress) or the inventories' net realisable value. The net realisable value corresponds to the normal selling price less costs to complete production and to sell. Whenever the cost exceeds the net realisable value, the difference is recorded in operating costs as part of the cost of sales.

The changes to write-downs were as follows:

	Unit: € m				
	Notes	Raw, subsidiary and consumable materials	Finished and semi- finished products	Goods	Total
<b>Write-downs at the beginning of the year</b>		<b>13</b>	<b>0</b>	<b>1</b>	<b>14</b>
Net reductions	<b>25</b>	3	11	17	32
<b>Write-downs at the end of the year</b>		<b>16</b>	<b>11</b>	<b>18</b>	<b>46</b>

### 11. Trade and other receivables

#### Accounting policies

Accounts receivable are initially recorded at the transaction value and subsequently measured at amortised cost, less any impairment losses,

recognised as impairment losses on accounts receivable. The amortised cost of these assets does not differ from their nominal value or their fair value. Galp undertakes over- and underlifting activities for its share of crude. Under- and overlifting are common industry practices intended to optimise the allocation of transportation costs between partners. Payments and receipts related to over- and underlifting are made at a subsequent date in barrels of crude, as defined by the applicable production sharing agreement (PSA).

## Notes to the consolidated financial statements as of 31 December 2021

Trade and other receivables are derecognised when the contractual rights to the cash flow expire (i.e. they are collected), when they are transferred (e.g. sold) or when they are impaired.

### Accounting estimates and judgments

#### Impairment of accounts receivable

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Trade receivables were grouped by business segment for the purposes of the assessment of expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the client's credit risk profile. The credit risk analysis is based on the annual default probability, and also takes into account the loss in the event of default. The default probability represents an annual probability of default, reflecting the current and projected information and taking into account macroeconomic factors, whereas the loss in the event of default represents the expected loss when a default occurs.

Accounts receivable are adjusted for Management's estimate of the collection risks as of the statement of financial position date, which may differ from the actual impairment to be incurred.

#### Credit Risk

For Credit Risk purposes, if wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Credit Risk assessment considers the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the

board. Wholesale customers' compliance with credit limits is regularly monitored by Management.

Sales to retail customers are required to be settled in cash or using major credit cards, thus mitigating the credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For further credit risk mitigation measures, guarantees and insurance policies for eventual credit defaults are a standard part of Galp's overall risk policy.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

## Notes to the consolidated financial statements as of 31 December 2021

### Trade receivables

	Notes	2021	2020
		<b>1,243</b>	<b>781</b>
Trade receivables		1,379	926
Allowance for doubtful amounts		(136)	(145)
<b>Ageing of trade receivables</b>	<b>Exposure to risk</b>	<b>1,243</b>	<b>782</b>
Not yet due	Low	1,012	607
Overdue up to 180 days	Medium	189	127
Overdue between 181 days and 365 days	High	34	13
Overdue over 365 days	Very High	8	34
<b>Movements in allowance for doubtful trade receivables</b>			
<b>Allowance at the beginning of the year</b>		<b>145</b>	<b>163</b>
Increase	<b>25</b>	11	14
Decrease	<b>25</b>	(4)	(6)
Utilisation		(14)	(26)
Other adjustments		(2)	0
<b>Allowance at the end of the year</b>		<b>136</b>	<b>145</b>

### Other receivables

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
		<b>885</b>	<b>293</b>	<b>877</b>	<b>266</b>
<b>State and other Public Entities</b>		<b>25</b>	<b>7</b>	<b>28</b>	<b>17</b>
<b>Other debtors</b>		<b>303</b>	<b>132</b>	<b>587</b>	<b>85</b>
Non-operated oil blocks		86	0	77	0
Underlifting		46	0	85	0
Other receivables		171	132	425	85

## Notes to the consolidated financial statements as of 31 December 2021

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
<b>Related Parties</b>		<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Contract Assets</b>		<b>447</b>	<b>67</b>	<b>183</b>	<b>68</b>
Sales and services rendered but not yet invoiced		111	0	57	0
Adjustment to tariff deviation - "pass through"		24	0	19	0
Other accrued income		312	67	108	68
<b>Deferred charges</b>		<b>113</b>	<b>87</b>	<b>82</b>	<b>96</b>
Energy sector extraordinary contribution	16	10	25	11	35
Deferred charges for services		4	14	3	14
Other deferred charges		98	49	68	46
<b>Impairment of other receivables</b>		<b>(5)</b>	<b>0</b>	<b>(5)</b>	<b>0</b>

Unit: € m

Non-operated oil blocks debt increase is mainly related to the increase in Petrogal Brasil, S.A. debtors.

Non-current deferred charges includes the amount of €48 m related to the post-employment benefits asset (Note 17).

Other non-current receivables includes a €82m judicial deposit in relation to a claim between the BM-S-11 consortium and ANP. The ANP agency stated that the oilfields of Lula and Cernambi, which are within BM-S-11, should be unified for SPT purposes, although the consortium claims otherwise; thus, the judicial deposit represents part of the difference between the two criteria under discussion.

## 12. Other financial assets

### Accounting policies

For accounting policies regarding Other financial assets, please refer to the disclosure in Note 20.

## Notes to the consolidated financial statements as of 31 December 2021

	Notes	Unit: € m			
		2021		2020	
		Current	Non-current	Current	Non-current
		<b>992</b>	<b>560</b>	<b>190</b>	<b>402</b>
Financial Assets at fair value through profit or loss	19	992	114	149	49
Financial Assets at fair value through comprehensive income		0	7	0	3
Financial Assets not measured at fair value - Loans and Capital subscription		0	411	42	330
Financial Assets not measured at fair value - Loan to Sinopec		0	0	0	0
Others		0	27	0	21

Loans and Capital subscription (non-current) is mainly related to a shareholder loan to Group Titan 2020, S.A.(ex- Zero E Euro Assets), of €343 m.

Financial assets at fair value through profit or loss refer to financial derivatives (note 19). Increase is mainly related to the high volatility observed in TTF prices, that impacts Mark-to-Market.

### 13. Cash and cash equivalents

#### Accounting policies

The amounts included in cash and cash equivalents correspond to cash values, bank deposits, time deposits and other cash investments with maturities less than three months, and which can be immediately mobilised with a risk of insignificant changes in value.

For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts recorded as loans and overdrafts in the statement of financial position.

Financial resources consist of cash and cash equivalents, marketable securities with original maturities less than three months and undrawn committed credit facilities expiring after more than one year.

For the periods ending 31 December 2021 and 2020, the details of cash and cash equivalents were as follows:

	Notes	Unit: € m	
		2021	2020
		<b>1,811</b>	<b>1,675</b>
Cash in banks		1,942	1,678
Bank overdrafts	14	(131)	(2)

## Notes to the consolidated financial statements as of 31 December 2021

### 14. Debt

#### Accounting policy

Loans are initially recorded at fair value, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost. Interest expenses are calculated at the effective interest rate and recorded in the income statement on an accruals basis in accordance with each loan agreement.

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
		<b>1,305</b>	<b>2,995</b>	<b>539</b>	<b>3,204</b>
<b>Bank loans</b>		<b>1,055</b>	<b>824</b>	<b>39</b>	<b>801</b>
Loans and commercial paper		924	824	37	801
Bank overdrafts	13	131	0	2	0
<b>Bonds and notes</b>		<b>250</b>	<b>2,171</b>	<b>500</b>	<b>2,404</b>
Origination fees		0	(6)	0	(9)
Bonds		250	1,177	0	1,413
Notes		0	1,000	500	1,000

Unit: € m

The average cost of financial debt for the period under review, including charges for credit lines and overdrafts, amounted to 1.75% (1.69% in 2020).

The fair value of the notes was €1,030 m as of 31 December 2021 and €1,523 m as of 31 December 2020, measured based on observable market variables, and classified at Level 2 of the Fair Value hierarchy (see Fair Value hierarchy in Note 20).

## Notes to the consolidated financial statements as of 31 December 2021

Current and non-current loans and bonds, excluding origination fees and bank overdrafts, have the following repayment plan as of 31 December 2021:

Maturity	Unit: €m		
	Total	Current	Loans Non-current
	<b>4,175</b>	<b>1,174</b>	<b>3,001</b>
2022	1,174	1,174	0
2023	870	0	870
2024	697	0	697
2025	605	0	605
2026 onwards	829	0	829

For comparative information, please refer to the consolidated financial statements for the year ended 31 December 2020.

Changes in debt during the period from 31 December 2020 to 31 December 2021 were as follows:

	Unit: € m					
	Initial Balance	Loans obtained	Principal Repayment	Changes in Overdrafts	Foreign exchange rate differences and others	Ending balance
	<b>3,743</b>	<b>6,869</b>	<b>(6,465)</b>	<b>128</b>	<b>24</b>	<b>4,300</b>
<b>Bank Loans:</b>	<b>840</b>	<b>6,869</b>	<b>(5,965)</b>	<b>128</b>	<b>7</b>	<b>1,879</b>
Loans and commercial papers	837	6,869	(5,965)	0	7	1,748
Bank overdrafts	3	0	0	128	0	131
<b>Bonds and Notes:</b>	<b>2,904</b>	<b>0</b>	<b>(500)</b>	<b>0</b>	<b>17</b>	<b>2,421</b>
Origination fees	(9)	0	0	0	3	(6)
Bonds	1,413	0	0	0	14	1,427
Notes	1,500	0	(500)	0	0	1,000

For comparative information, please refer to the consolidated financial statements for the year ended 31 December 2020.

## Notes to the consolidated financial statements as of 31 December 2021

The bond reimbursements during 2021 were as follows:

Unit: € m				
Issuance	Due amount	Interest rate	Maturity	Reimbursement
	<b>500</b>			
Galp 3,000% 01.2021	500	Fixed Rate 3,000%	January'21	January'21

## 15. Trade payables and other liabilities

### Accounting policy

Trade payables and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually the amortised cost does not differ from the nominal value.

Unit: € m				
	2021		2020	
	Current	Non-current	Current	Non-current
<b>Suppliers</b>	<b>811</b>	<b>0</b>	<b>650</b>	<b>0</b>
<b>Other creditors</b>	<b>1,191</b>	<b>95</b>	<b>763</b>	<b>111</b>
<b>State and other public entities</b>	<b>475</b>	<b>0</b>	<b>283</b>	<b>0</b>
Payable VAT	237	0	157	0
"ISP" - Tax on oil products	196	0	94	0
Other taxes	42	0	32	0
<b>Other payables</b>	<b>235</b>	<b>50</b>	<b>128</b>	<b>65</b>
Tangible and intangible assets suppliers	166	50	96	65
Advances on sales	0	0	1	0
Overlifting	0	0	0	0
Other Creditors	69	0	30	0
<b>Related parties</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other accounts payables</b>	<b>38</b>	<b>7</b>	<b>55</b>	<b>5</b>



## Notes to the consolidated financial statements as of 31 December 2021

	Unit: € m			
	2021		2020	
	Current	Non-current	Current	Non-current
<b>Accrued costs</b>	<b>409</b>	<b>29</b>	<b>284</b>	<b>29</b>
External supplies and services	242	0	138	0
Holiday, holiday subsidy and corresponding contributions	58	4	38	4
Other accrued costs	108	24	108	25
<b>Contract liabilities</b>	<b>28</b>	<b>0</b>	<b>12</b>	<b>0</b>
<b>Other deferred income</b>	<b>2</b>	<b>11</b>	<b>1</b>	<b>11</b>

The amounts recorded as trade payables mainly relate to purchases of crude oil, natural gas and goods in transit on those dates.

### 16. Taxes, deferred income taxes and energy sector extraordinary contribution

#### Accounting policies

Income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the applicable tax rules in each country in which Galp operates.

Deferred income taxes arise from temporary differences between the accounting and taxable values of the individual consolidated companies and from the realisable tax loss carried forward. The taxable value of the tax loss carried forward is included in deferred tax assets to the extent that these are expected to be utilised against future taxable income. The deferred income taxes are

measured according to the current tax rules and the tax rates substantially enacted up to the end of the reporting period.

The Group pays taxes and Special Participation Tax on its Upstream activity, which the company classifies as income taxes and Special Participation Tax, namely:

- Petroleum income tax (IRP) in Angola, as regulated under Law 13/04. The rate applicable to the PSA contracts is 50% on the projects' "profit oil". The IRP calculation is in all respects similar to an income tax. Thus, oil companies subject to IRP are not subject to other income taxes in Angola;
- Special Participation Tax (SPT) in Brazil, as regulated under Decree-Law No 2.705 issued by the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis (ANP). SPT is a contribution, due on a quarterly basis, calculated by oil and natural gas concessionaires based on the production from each project. The Special Participation is calculated on the determined income, from which operational costs related to the production of hydrocarbons are deducted. The SPT rate varies between 0% and 40% depending on the project's production level.

## Notes to the consolidated financial statements as of 31 December 2021

### Accounting estimates and judgments

Galp is subject to income taxes in the locations in which it operates. Significant judgments and estimates are required to determine the worldwide accrual for income taxes, deferred income tax assets and liabilities, and the provision for uncertain tax positions.

#### Deferred tax assets

Deferred tax assets are recognised only when there is reasonable assurance that future taxable profits will be available against which the temporary differences can be used, or when there are deferred tax liabilities for which reversal is expected within the same period as that in which the deferred tax assets are reversed. Deferred tax assets are evaluated by Management at the end of each period, taking into account expectations of the Group's future performance (i.e. the Budget Plan), and such assets are only recognised if there is a high expectancy of future recovery.

#### Estimates regarding uncertain tax positions

As part of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management's judgment is used to assess the possible outcome of such disputes. The most-probable-outcome method is applied when making provisions for uncertain tax positions, and Galp considers the booked provisions to be adequate. Nevertheless, the actual obligation may differ, and depends on the results of litigation and settlements with the relevant authorities.

As of 31 December 2021, and 31 December 2020, the current income tax payable is as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
	<b>139</b>	<b>101</b>	<b>0</b>	<b>0</b>
State and other public entities	139	101	0	0

Unit: € m

The Titan 2020, SA companies, headquartered in Spain, in which the Group has an interest equal to 75%, are taxed in accordance with the Spain special regime for the taxation of groups of companies, with the taxable income being determined for Galp Energia España, S.A. during the year 2021. Accordingly, the amount of corporate income tax advance payments made by Galp Energia España, S.A. (which is responsible to the Spain Tax Authorities under the special regime for the taxation of groups of companies) on behalf of Titan 2020, S.A. Group companies, as well as the amounts related to the payment/receipt of Corporate Income Tax are recognised in the current income tax receivable and/or payable.

The total income tax, IRP and SPT paid during the year 2021 was € 593 m.

## Notes to the consolidated financial statements as of 31 December 2021

Taxes for the year ended 31 December 2021 and 2020 were as follows:

	2021			2020		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
<b>Taxes for the year</b>	<b>553</b>	<b>99</b>	<b>652</b>	<b>182</b>	<b>60</b>	<b>242</b>
Current income tax	(8)	101	93	(121)	62	(59)
"IRP" - Oil Income Tax	23	(1)	21	18	(3)	16
"SPT" - Special Participation Tax	539	0	539	285	0	285

Unit: € m

As of 31 December 2021, the Extraordinary contributions for the energy sector were as follows:

	Statement of financial position				Income statement
	Provisions (Note 18)		"CESE II" Deferred Charges (Note 11)		Energy Sector Extraordinary Contribution
	CESE I	CESE II	Current	Non-current	
<b>As of 1 January 2021</b>	<b>(113)</b>	<b>(229)</b>	<b>11</b>	<b>35</b>	<b>-</b>
"CESE I" Increase	(11)	0	0	0	12
"CESE II" Increase	0	(10)	(1)	(10)	20
"Fondo Nacional de Eficiencia Energética (FNEE)"	0	0	0	0	9
<b>31 December 2021</b>	<b>(124)</b>	<b>(238)</b>	<b>10</b>	<b>25</b>	<b>41</b>

Unit: € m

Galp Group operates across various geographies, through locally established legal entities, whose taxable income is calculated based on the legal rates in force in each jurisdiction, varying between 25% in Spain and the Netherlands, 31.5% in Portugal and 34% for companies based in Brazil.

	2021	2020
	<b>Effective tax rate</b>	<b>77.70%</b>
Corporate income tax rate of Galp Energia SGPS, SA	31.50%	31.50%
Application of the equity method	(3.10%)	9.90%
"SPT" - Special participation and "IRP" - Tax on Oil Income *	66.60%	(134.20%)
Other additions and deductions	(17.30%)	(12.90%)

Unit: € m

## Notes to the consolidated financial statements as of 31 December 2021

During the year ended 31 December 2021, the movements in deferred tax assets and liabilities were as follows:

	As of 1 January 2021	Impact on the income statement	Impact on equity	Foreign exchange rate changes	As of 31 December 2021
	Unit: € m				
<b>Deferred Taxes – Assets</b>	<b>509</b>	<b>5</b>	<b>(14)</b>	<b>(14)</b>	<b>485</b>
Adjustments to tangible and intangible assets	79	(33)	0	(3)	44
Retirement benefits and other benefits	110	(16)	(8)	0	87
Tax losses carried forward	69	14	0	(3)	80
Regulated revenue	6	1	0	0	7
Temporarily non-deductible provisions	179	20	0	(5)	194
Potential foreign exchange rate differences in Brazil	37	6	0	(3)	40
Others	28	12	(6)	0	33
<b>Deferred Taxes – Liabilities</b>	<b>(479)</b>	<b>(104)</b>	<b>0</b>	<b>(70)</b>	<b>(654)</b>
Adjustments to tangible and intangible assets	(441)	(105)	0	(70)	(616)
Adjustments to tangible and intangible assets fair value	(5)	(5)	0	0	(10)
Regulated revenue	(13)	0	0	0	(13)
Potential foreign exchange rate differences in Brazil	0	0	0	0	0
Others	(20)	6	0	0	(15)

Impact on profit or loss in relation to deferred tax liability of €105 m is mainly related to a time difference between the tax and accounting values regarding the group entity Petrogal Brasil.

Tax losses for which deferred tax assets were recognised were as follows:

	Tax losses carried forward	Limit year to use	Deferred Tax
	Unit: € m		
<b>Tax losses carried forward</b>	<b>166</b>		<b>41</b>
The Netherlands	34	2025	8
Spain	132	No limit	33

## Notes to the consolidated financial statements as of 31 December 2021

In addition to the €132m above, there are €148m of tax losses carried forward in Spain for which no deferred tax assets have been booked.

The tax losses carried forward in Brazil and Spain will be recovered through future taxable results which may be expected as a result of Upstream and Commercial activity, respectively.

### 17. Retirement benefit obligations

#### Accounting policies

##### Defined-contribution plans

Galp has a defined-contribution plan funded by a pension fund which is managed by independent entities. Galp's contributions to the defined-contribution plan are charged to the statement of income in the relevant year.

##### Defined-benefit plans

Galp has a defined-benefit plan that provides the following benefits: pension supplements for retirement, disability and surviving orphans; pre-retirement; early retirement; retirement bonuses; and voluntary social insurance.

The payment of pension supplements for old age and disability, as well as survivors' pensions, is funded by a pension fund managed by independent entities.

##### Recognition of defined benefit plans

The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees as of the valuation dates, and is based on actuarial assumptions, primarily regarding

the discount rates used to determine the present value of benefits and the projected rates of remuneration growth. The discount rates are based on the market yields of Euro denominated high-rated corporate bonds of the euro-zone. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income during the period in which they arise. Past service costs are recognised immediately in the income statement. The surplus of a net defined benefit plan (i.e. asset) is only recognised to the extent that Galp is able to derive future economic benefits, such as refunds from the plan, or reductions in future contributions. Where a plan is unfunded, a liability for the retirement benefit obligation is recognised in the statement of financial position. Costs recognised for retirement benefits are included in employee costs. The net obligation recognised in the statement of financial position is reported within non-current liabilities.

##### Other retirement benefits

Along with the aforementioned plans, Galp provides additional benefits related to healthcare, life insurance and a minimum defined-benefit plan (for disability and survival).

#### Accounting estimates and judgments

##### Demographic and financial assumptions used to calculate the retirement benefit liabilities

Accounting for pensions and other post-retirement benefits requires estimates to be made when measuring the group's pension plan surpluses and deficits. These estimates require assumptions to be made regarding uncertain events, including discount rates, inflation and life expectancy.

## Notes to the consolidated financial statements as of 31 December 2021

### Post-employment benefits

	Notes	2021	2020
Unit: € m			
Asset under the heading of "Other Receivables"	11	48	45
Liability		(300)	(381)
<b>Net responsibilities</b>		<b>(252)</b>	<b>(336)</b>
<b>Post employment benefits obligations, of which:</b>		<b>(500)</b>	<b>(595)</b>
Past service liability covered by the pension fund		(200)	(214)
Other employee benefit liabilities		(300)	(381)
<b>Post employment benefits assets</b>		<b>248</b>	<b>259</b>

### Post-employment obligations

	2021	2020
Unit: € m		
<b>Past service liability at the end of the current year</b>	<b>500</b>	<b>595</b>
Past service liability at the end of the previous year	595	568
Current service cost	7	7
Interest cost	8	9
Actuarial (gain)/loss	(22)	20
Benefit payments made by the fund	(21)	(23)
Benefit payments made by the company	(37)	(42)
Changes in the benefit plan	0	0
Cut back - Early retirement	2	1
Cut back - Pre-retirement	3	37
Cut back - Migration to DC	0	(1)
Other changes	(35)	20

Other changes in the amount of €35m is related with a reversion of a provision regarding the restructuring of Matosinhos refinery.

The average maturity of the liabilities under the defined benefit plans is 9.2 years (in 2020: 9.8 years).

As of 31 December 2021, the breakdown of the expected value of future benefit payments for the next four years is as follows:

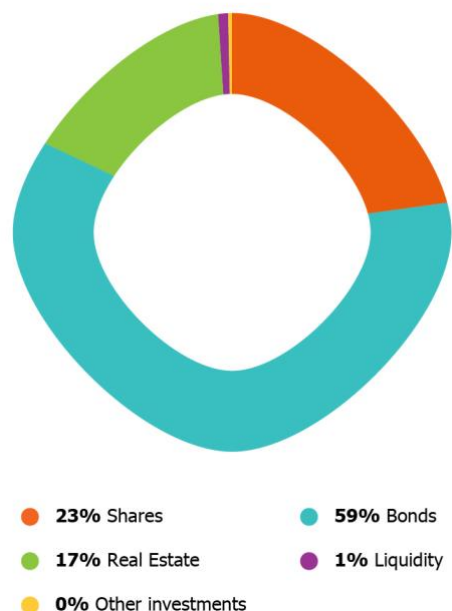
	Total	Retirement benefits	Other benefits
Unit: € m			
<b>Payment expectation by the Group</b>	<b>109</b>	<b>76</b>	<b>33</b>
2022	34	25	9
2023	29	21	8
2024	25	17	8
2025	21	13	8

### Defined-benefit pension fund

	Notes	2021	2020
Unit: € m			
<b>Assets at the end of the current year</b>		<b>248</b>	<b>259</b>
Assets at the end of the previous year		259	267
Net interest	26	4	4
Associates' contribution		0	0
Benefit payments		(21)	(23)
Cut back		0	0
Financial gain/(loss)		7	11

## Notes to the consolidated financial statements as of 31 December 2021

Type of assets 2021



The hierarchy of fair value of the assets is mainly Level 1 for Shares and Other Investments, and an even mix of Level 1 and 2 for Bonds and Real Estate. Level 1 includes financial instruments valued based on liquid market quotations, including from Bloomberg. Level 2 includes financial instruments valued based on observable prices in current liquid markets for the same financial instruments supplied by external counterparties, available through Bloomberg.

	Unit: € m	
	2021	2020
Real return on plan assets (%)	3.97%	5.75%
Real return on plan assets	10	15

The number of participants and beneficiaries of the Petrogal and Sacor pension plans was 5,684 in December 2021 and 6,100 in December 2020.

### Post-employment benefit expenses

	Unit: € m		
	Notes	2021	2020
Current service cost	26	7	7
Interest cost	27	4	5
<b>Net cost for the year before special events</b>		<b>11</b>	<b>11</b>
Cut back impact - early retirement	26	2	1
Cut back impact - pre-retirement	26	3	37
Other adjustments	26	(30)	14
<b>Net cost for the year of defined-benefit plan expenses</b>		<b>(13)</b>	<b>62</b>
Defined contribution	26	5	4
<b>Net cost for the year of defined-contribution plan expenses</b>		<b>5</b>	<b>4</b>
<b>Total</b>		<b>(9)</b>	<b>66</b>

## Notes to the consolidated financial statements as of 31 December 2021

### Remeasurements

		Unit: € m	
	Notes	2021	2020
		<b>26</b>	<b>(3)</b>
<b>Gains recognised through comprehensive income</b>		<b>33</b>	<b>(10)</b>
(Loss)/Gains from actuarial experience		1	12
(Loss)/Gains from changes in actuarial assumptions		22	(32)
Financial (loss)/gain		7	11
Other gains/losses		4	(1)
<b>Taxes related to actuarial gains and losses</b>	<b>16</b>	<b>(8)</b>	<b>7</b>

### Assumptions

	Retirement benefits		Other benefits	
	2021	2020	2021	2020
Rate of return on assets	1,50%	1.50%	-	-
Technical interest rate	1,50%	1.50%	1.50%	1.50%
Rate of increase in salary costs	1.00%	1.00%	1.00%	[ 1,00% - 3,50%]
Rate of increase in pension costs	[0,00% - 2,00%]	[0,00% - 1,40%]	-	-
Current personnel and pre-retiree mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011
Retired personnel mortality table	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011
Disability table	50% EVK 80	50% EVK 80	50%EVK80	50%EVK80
Common age for retirement	67 years, except for the cases of anticipation to 66 or 65 years with at least 43 or 46 years of S.S. contributions at 65 years respectively	67 years, except for the cases of anticipation to 66 or 65 years with at least 43 or 46 years of S.S. contributions at 65 years respectively	67 years, except for the cases of anticipation to 66 or 65 years with at least 43 or 46 years of S.S. contributions at 65 years respectively	67 years, except for the cases of anticipation to 66 or 65 years with at least 43 or 46 years of S.S. contributions at 65 years respectively
Method	Projected credit unit	Projected credit unit	Projected credit unit	Projected credit unit



## Notes to the consolidated financial statements as of 31 December 2021

### Sensitivity Analysis

#### Sensitivity analysis of the discount rate

		Unit: € m
Discount rate 1.50%		-0.25%
<b>Total</b>	<b>500</b>	<b>(3)</b>
Retirement benefits	329	(9)
Other benefits	171	6

#### Sensitivity analysis of the growth rate of health insurance costs

		Unit: € m
Growth rate of 0% (2022-2023) and 3% (2024-)		-1.00%      1.00%
Past Service	152	(18)      22

## 18. Provisions and contingent assets and liabilities

### Accounting policies

Provisions are recorded when, and only when: 1) the Group has a present obligation resulting from a past event; 2) it is probable that an outflow of resources entailing economic benefits will be required to settle the obligation; and 3) a reliable estimate can be made of the amount of the obligation. Galp calculates its estimate based on an evaluation of the most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities.

Provisions for the abandonment costs of blocks are intended to cover all the costs incurred by the Company at the end of the useful production life of oil fields. Provisions are based on the operator's estimate of the total abandonment costs, which are recognised by Galp on a proportional basis as it builds each production well. These provisions are capitalized as part of the assets.

Provisions for environmental clean-ups regarding contamination of soils or water are expensed when a clean-up is necessary, and the associated costs can be measured reliable. The amount recognised is the best estimate of the expenditure required to settle the obligation. Provisions for environmental liabilities are estimated using existed technology, at future prices and discounted using a nominal discount rate.

## Notes to the consolidated financial statements as of 31 December 2021

Provisions for legal disputes include ongoing legal disputes namely related to taxation matters. Management makes estimates regarding provisions and contingencies, including the probability of the outcomes of pending and potential future litigation. These are by nature dependent on inherently uncertain future events. When determining the likely outcomes of litigation, Management considers the input of external counsel, as well as past experience.

Although Management believes that the total amounts of provisions for legal proceedings are adequate based on the currently available information, there can be no assurance that there will be no changes in the facts, or that the amounts of any future lawsuits, claims, proceedings or investigations will not be material.

### Accounting estimates and judgments

#### Provisions for lawsuits and other litigations

The estimated final costs of lawsuits, settlements and other litigation can vary based on different interpretations of the rules, opinions and final assessments of the losses. Consequently, any changes in circumstances relating to these types of contingencies could have a significant effect on the recorded amounts of contingencies.

#### Abandonment provisions

Provisions for decommissioning and restoration costs, which arise principally in connection with hydrocarbon production facilities and pipelines, are measured on the basis of current requirements, technology and price levels; the present value is calculated using amounts discounted over the useful economic life of the assets. The liability is recognised (together with a corresponding amount as part of the related tangible asset) once a legal or constructive obligation to dismantle an item of property, plant and equipment and to restore the site on

which it is located exists and when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related tangible asset. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognised in income.

Galp reviews its long-live refinery assets on a regular basis to determine any changes in facts and circumstances that could result in the recognition of a provision for decommissioning and restoration.

#### Environmental provisions (except for CO<sub>2</sub> emissions)

Galp makes judgments and estimates to calculate its known obligations relating essentially to the known requirements regarding soil decontamination, based on current information relating to the expected intervention costs and plans. Such costs can vary due to changes in the legislation and regulations, changes in the condition of a specific location, as well as changes in decontamination technologies. Consequently, any changes in the circumstances relating to such provisions, as well as in the legislation and regulations, could significantly affect the provisions for such matters. The timing and amount of future expenditures relating to decommissioning and environmental liabilities are reviewed annually, together with the interest rate used in discounting the cashflows.

## Notes to the consolidated financial statements as of 31 December 2021

As of 31 December 2021 and 31 December 2020, the provisions were as follows:

	December 2021				December 2020
	Decommissioning/ environmental provisions	CESE (I and II)	Other provisions	Total	
<b>At the beginning of the year</b>	<b>513</b>	<b>343</b>	<b>152</b>	<b>1,008</b>	<b>819</b>
Additional provisions and increases to existing provisions	110	22	22	154	212
Decreases of existing provisions	(9)	(1)	(13)	(23)	(3)
Amount used during the year	(1)	0	(20)	(21)	(12)
Regularisation	1	0	64	65	31
Adjustments during the year	30	0	(5)	25	(38)
<b>At the end of the year</b>	<b>645</b>	<b>363</b>	<b>200</b>	<b>1,208</b>	<b>1,008</b>

Unit: € m

Increases and decreases in provisions during the year are as follows:

	December 2021								
	Judicial processes	Provisions	Tangible Assets	Financial (income) and expenses	CESE	Deferred charges	CESE	Results from financial investments	Other
<b>2021</b>	<b>4</b>	<b>73</b>	<b>39</b>	<b>10</b>	<b>31</b>	<b>(11)</b>	<b>12</b>	<b>(27)</b>	<b>131</b>
Decommissioning/ environmental costs	0	71	39	10	0	0	0	(18)	102
CESE I and II	0	0	0	0	31	(11)	0	0	20
Other provisions	4	2	0	0	0	0	12	(9)	9

Unit: € m

For comparative information, please refer to the consolidated financial statements for the year ended 31 December 2020.

### Decommissioning of blocks and environmental costs

The amount of €645 m includes a provision for the abandonment of blocks (€429 m), established to cover the costs to be incurred for asset retirement obligations at the end of the useful lives of those areas (€342 m in Brazil, €68 m

in Angola and €18m in Mozambique). The remaining €216 m relates to the costs associated with the asset retirement obligations of certain facilities in the Industrial & Energy Management segment, due to legal and constructive obligations. The increase of the year of €71 m in decommissioning/environmental

## Notes to the consolidated financial statements as of 31 December 2021

costs regards to dismantling, decommissioning and decontamination costs (3D) of Matosinhos refinery.

### CESE I and II

In the year ending 31 December 2021, the caption of CESE (I and II) - "Energy Sector Extraordinary Contribution I and II" in the amount of €363 m represents the total responsibility as of that date, and corresponds to the contributions for the years 2014 to 2021.

In 2014, the Group was subject to a special tax (Energy Sector Extraordinary Contribution CESE I), pursuant to Article 228 of Law 83C/2013 of 31 December, which states that energy companies that carry net assets in certain activities, from 1 January 2014, are subject to a tax calculated on the balance of the eligible net assets as of that date.

In 2015, the Group was subject to a special tax (Energy Sector Extraordinary Contribution CESE II), pursuant to Law 33/2015 of 27 April and Order No. 157-B/2015 of 28 May. CESE II applies to the value of future sales, based on the four existing long-term LNG sourcing contracts which are on a take-or-pay basis. In 2017, pursuant to Order No. 92-A/2017 of 2 March, the economic value of the take-or-pay contracts changed, which was reflected in the increase of the CESE provision.

Following the law and tax regulations, Galp properly accounted for the legal obligation from CESE, although these obligations are currently subject to legal dispute.

### Other provisions

The amount of €200 m of other provisions includes a provision of €82m that relates to the dispute between ANP and the BM-S-11 consortium, as explained in Note 11 and a provision of €84 m regarding the commitment to reimburse CESE I to the shareholders of GGND in the sequence of the shares sell agreement

### Contingent liabilities

As of 31 December 2021, the Company and its subsidiaries had additional Corporate Income Tax assessments under dispute amounting to €33 m, for which a provision of €11 m was recorded in prior years.

No provisions were recognised for tax contingencies related to Brazilian withholding tax (IRRF) and other taxes and levies (PIS/COFINS and CIDE) related to rental payments on overseas vessels.

Management believes the outcome of these matters will be resolved in a manner favourable to Galp. Should Galp be required to pay such taxes and levies, it could result in a potential total liability of approximately €125 m (€123 m in 2020).

## 19. Derivative financial instruments

### Accounting policies

#### Derivative financial instruments

The Group may use financial derivatives to hedge the interest rate risk and other market risks, particularly the risk of variations in crude oil prices, finished products and refining margins, as well as the price variation risk of natural gas and electricity, which affects the financial value of the assets and the future cash flow expected from its activities.

The realised gains and losses on commodities (i.e. Brent, electricity and gas) futures and swaps are presented within cost of sales. Changes in the fair value of open positions are presented in financial income, within income from financial instruments. As futures are exchange-traded, subject to central clearing, gains and losses are continuously recorded within income from financial instruments

## Notes to the consolidated financial statements as of 31 December 2021

until the maturity date of the derivative, unless designated in cash flow relationships in which case they are recorded in the cash flow hedge reserve.

Realised gains and losses on Forwards and FX Swaps are presented within cost of sales if they are connected to commodities transactions, and are otherwise presented in financial income, under realised FX differences. Changes to the fair values of open positions are presented in financial income, under unrealised FX differences.

Some physically settled TTF bilateral contracts are accounted for as derivatives because they meet the net settlement criteria and do not meet the own use exemption criteria. The fair values of these contracts are presented together as Swaps in the financial statements.

Financial assets and liabilities are offset if Galp has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or to realise the asset and liability simultaneously.

### Hedge accounting

Derivative instruments that qualify for hedge accounting are designated in cash flow hedges of commodity price risk associated with highly probable forecast electricity purchases. Derivative instruments used by the Group to hedge the fair value are mainly related to the hedging of commodity prices (oil prices). The indices are the same as those applicable to the contracts signed with customers. Certain derivatives that are entered into for risk management purposes, such as those that hedge the overall net position of commodity prices (oil margins) and forecast purchases of gas, are not designated in qualifying IFRS 9 hedge relationships and are therefore accounted for as trading derivatives with their changes in fair value recorded immediately in the statement of profit or loss.

Changes in the fair values of derivatives designated in qualifying cash flow hedge relationships are recorded in equity in the cash flow hedge reserve. In a fair value hedge, the derivatives are recorded at their fair value through profit or loss under financial results, offsetting changes in the fair value of the designated items that are also recorded in financial results.

Where the derivative instrument no longer meets the criteria for recording as a cashflow hedge, the accumulated fair value differences deferred in equity within hedging reserves are added to the book value of the asset which gave rise to the hedging transaction only if the derivative was mature and is effective. Otherwise, if the hedge is not effective, subsequent revaluations are recognised directly in the income statement. If the hedge is discontinued because the transaction is no longer expected all of the deferred MTM in equity is reclassified to profit or loss. If there is a change in risk management objective but the hedged transaction is still expected to occur, the amount in the cash flow hedge reserve is taken to profit or loss when the previously hedged transaction affects the statement of profit or loss. Hedge accounting is discontinued prospectively.

Hedge accounting is discontinued when all of the derivative instruments mature, are sold, when management changes the risk management strategy or objective, or when the transaction is no longer expected to occur.

Financial derivatives are recorded at fair value, calculated by using generally accepted valuation methods.

Financial assets and liabilities are offset if Galp has a legally enforceable right to offset the recognised amounts, and there is an intention to settle these on a net basis or to realise the asset and liability simultaneously.

For further explanation of the risks and the related risk reduction using hedges, see Note 20.

## Notes to the consolidated financial statements as of 31 December 2021

The financial position of derivative financial instruments as of 31 December 2021 and 2020 is detailed as follows:

	Unit: € m									
	2021					2020				
	Assets (Note 12)		Liabilities		Equity	Assets (Note 12)		Liabilities		Equity
Current	Non-current	Current	Non-current	Current		Non-current	Current	Non-current		
	992	114	(1,069)	(136)	31	149	49	(130)	(37)	12
<b>Designated hedge derivatives</b>										
<b>Oil</b>										
Swaps	0	0	(1)	0	0	0	0	(11)	0	0
<b>Gas</b>										
Swaps	0	0	0	0	0	0	0	0	0	0
<b>Electricity</b>										
Futures	49	0	0	0	49	7	0	0	0	12
Swaps	(18)	0	0	0	(18)	1	0	0	0	(1)
<b>Non designated hedge derivatives</b>										
<b>Oil</b>										
Futures	0	0	0	0	0	0	0	0	0	0
Swaps	22	57	(19)	(56)	0	0	0	(0)	0	0
Options	0	0	0	0	0	19	0	0	0	0
<b>Gas</b>										
Futures	158	0	0	0	0	22	0	0	0	0
Swaps	687	24	(1,050)	(81)	0	97	34	(90)	(18)	0
<b>Electricity</b>										
Futures	(19)	0	0	0	0	0	0	0	0	0
Swaps	95	32	0	0	0	0	15	(1)	0	0
<b>CO<sub>2</sub></b>										
Futures	0	0	0	0	0	0	0	0	0	0
<b>Foreign Exchange</b>										
Forwards	18	2	0	0	0	4	1	(29)	(19)	0

## Notes to the consolidated financial statements as of 31 December 2021

Derivatives are classified as current and non-current in accordance with the expected settlement.

During 2021 and 2020 the Group entered into derivative financial instruments with the objective of hedging the economic exposure mainly related to changes in crude, power and natural gas prices.

The notional prices of the open derivatives and their respective maturities are shown below:

		December 2021		December 2020	
		Maturity		Maturity	
		Less than 1 year	1 year and more	Less than 1 year	1 year and more
		<b>(1,185)</b>	<b>(193)</b>	<b>(1,091)</b>	<b>(634)</b>
Commodity futures	Purchase	(517)	(26)	(92)	(23)
	Sales	349	17	286	86
Commodity swaps	Purchase	(1,549)	(734)	(654)	(537)
	Sales	1,086	603	305	170
Commodity options	Purchase	(58)	0	(458)	0
	Sales	0	0	0	0
Currency forwards and swaps	Purchase	(672)	(74)	(547)	(348)
	Sales	176	21	69	18

Unit: € m

Notional = Fixed Price x Quantity

The accounting impact as of 31 December 2021 and 31 December 2020 of the gains and losses on derivative financial instruments is presented in the following table:

		2021				2020			
		Income statement			Equity	Income statement			Equity
		MTM	Realised (Note 25)	MTM + Realised		MTM	Realised (Note 25)	MTM + Realised	
		<b>(771)</b>	<b>286</b>	<b>(484)</b>	<b>20</b>	<b>(104)</b>	<b>4</b>	<b>(100)</b>	<b>25</b>
<b>Designated hedge derivatives</b>									
<b>Oil</b>									
	Swaps (Fair value hedge)	11	0	11	0	(11)	0	(11)	0

Unit: € m

## Notes to the consolidated financial statements as of 31 December 2021

	Unit: € m							
	2021				2020			
	Income statement			Equity	Income statement			Equity
MTM	Realised (Note 25)	MTM + Realised	MTM		Realised (Note 25)	MTM + Realised		
Client contracts (Fair value hedge)	(11)	0	(11)	0	11	0	11	0
<b>Gas</b>								
Swaps (Fair value hedge)	0	0	0	0	0	0	0	0
Client contracts (Fair value hedge)	0	0	0	0	0	0	0	0
<b>Electricity</b>								
Futures	(0)	46	46	36	0	(33)	(33)	23
Swaps	0	8	8	(17)	0	(8)	(8)	2
<b>Non designated hedge derivatives</b>								
<b>Oil</b>								
Futures	(0)	2	2	0	0	(5)	(5)	0
Swaps	4	4	8	0	(7)	31	24	0
Options	(3)	(37)	(40)	0	(20)	104	84	0
<b>Gas</b>								
Futures	(465)	(34)	(499)	0	(64)	7	(56)	0
Swaps	(442)	213	(229)	0	27	(42)	(14)	0
<b>Electricity</b>								
Futuros	(38)	59	21	0	17	0	17	0
Swaps	111	34	145	0	0	0	0	0
<b>CO<sub>2</sub></b>								
Futures	0	0	0	0	0	(60)	(60)	0
<b>Foreign Exchange</b>								
Forwards	62	(9)	53	0	(57)	10	(47)	0

The 2021 income statement shows, under the mark-to-market (MTM) heading, a positive amount of €1m, through the caption of other financial instruments,

related to the fair value hedge and in shareholders' equity, under the heading hedging reserves, the positive amount of €31 m relating to cash-flow hedges.



## Notes to the consolidated financial statements as of 31 December 2021

The cash flow hedges reflected in equity, when settled, are reclassified to the statement of profit or loss in the same period or periods during which the hedged expected cash flows affect profit or loss (when hedged forecast sale occurs). The amount of settled hedging instruments regarding cash flow hedges amounts to positive €54 m in 2021 and negative €41m in 2020 and was recognised under the heading Cost of sales.

The table above has a positive MTM of Proxy revenue swap derivatives (€86 m), related to Synthetic Power Purchase Agreements (PPA) of solar projects in Spain, for which the fair value valuation was not based on observable market data (level 3). The derivatives have several commencement dates, the first beginning in the second half of 2020 and all have a life span of c. 12 years. With these Synthetic Power Purchase Agreement a fixed quantity of Guarantees of Origin is going to be transferred from the solar projects to Galp during the same time frame. A day-one gain of €6m related to these derivatives have been

defined by Galp as realized and therefore it has been recorded in income statement for the year.

The inputs used by Galp to value the derivatives were as follows: Floating Price was calculated using a known market index as a proxy; for long term predictions for which no predictable market data was available a flat price assumption was used; credit risk mitigations of the counterparty were taken into account in the valuation.

During 2021, four of PPA's were cancelled and due to this event Galp has received an indemnity of €7m which was recognised in Profit.

During the second half of 2021 a high volatility in Gas prices (ie TTF) was verified due to high demand of the commodity, that impacted negatively the MTM of these derivatives, including cash margins of Futures. For detailed explanation see note 2.2.1.

The heading income from financial instruments includes the unrealised value of MTM of commodities derivatives and closed trading operations, as shown in the following table:

	2021	2020
	<b>(832)</b>	<b>31</b>
Commodity Swaps	(326)	38
Options	(3)	(20)
Commodity Futures	(503)	(63)
Other trading operations	0	77

The table above includes MTM of all financial derivatives, except FX derivatives which are accounted in the heading exchange differences. Other trading operations are closed trading derivative positions.

## Notes to the consolidated financial statements as of 31 December 2021

The maturities of derivative liabilities in the statement of financial position are as follows:

				Unit: € m
	Less than 1 year	Between 1 and 2 years	2 years and more	Total
<b>2021</b>				
Commodity swaps	1,069	136	0	1,206
Foreign exchange forwards	0	0	0	0
<b>2020</b>				
Commodity swaps and options	102	18	0	120
Foreign exchange forwards	29	19	0	48

Note that despite the current position of liabilities is €1,069 m, Group Galp has a €992 m current position of assets regarding derivatives to receive. Net position is a liability of € 77m.

## 20. Financial assets and liabilities

### Accounting policies

Galp classifies financial assets and liabilities into the following categories:

- Financial assets at fair value through other comprehensive income;
- Financial assets and liabilities carried at amortised cost;
- Financial assets and liabilities at fair value through profit or loss (derivatives).

Management determines the classification of its financial assets on initial recognition, and re-evaluates it at the end of each reporting period if, and only

if, there is a change in the business model. For financial liabilities, such changes in classification are not allowed.

### Recognition and measurement

Purchases and sales of investments are recognised as of the trade date. Investments are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Nevertheless, assets at fair value through other comprehensive income are measured at cost as a proxy for their fair value. As, they are not quoted on a stock exchange, no recent available information is available to measure their fair value reliably, and the amounts involved are immaterial.

## Notes to the consolidated financial statements as of 31 December 2021

### Derecognition of financial assets

Financial Assets are derecognised from the statement of financial position when the rights to receive cash flow from investments have expired or have been transferred and Galp has transferred substantially all of the risks and rewards of ownership.

### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist mainly of equity investments. When these kinds of financial assets are derecognised, the gain or loss will be kept in equity. Dividends received are recognised in profit or loss.

### Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets which are held solely for payments of principal and interests (SPPI). If collection is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest method, less impairment.

### Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement.

The fair value hierarchy has the following levels:

- Level 1 - the fair value of the assets or liabilities is based on active liquid market quotation as of the date of the statement of financial position;
- Level 2 - the fair value of the assets or liabilities is determined through valuation models based on observable market inputs; and
- Level 3 - the fair value of the assets or liabilities is determined through valuation models, whose main inputs are not observable in the market.

## Notes to the consolidated financial statements as of 31 December 2021

Unit: € m

2021	Note	Fair value measurement using				Carrying amount
		Total Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets at FVTPL</b>						
Swaps	20	899	0	798	101	899
Options	20		0		0	
Commodity Futures	20	188	188	0	0	188
Forwards	20	19	0	19	0	19
<b>Financial assets measured FV OCI</b>						
Equity investment	12	7	0	0	7	7
		<b>1,113</b>	<b>188</b>	<b>818</b>	<b>108</b>	<b>1,113</b>
<b>Financial assets measured at amortised cost for which fair value is required to be disclosed</b>						
Loans and Capital Subscription	12	411	0	0	411	411
Trade receivables and other debtors	11	2,420	0	0	2,420	2,420
Others	12	27	0	0	27	27
<b>Financial liabilities measured FVTPL</b>						
Swaps	20	(1,206)	0	(1,206)	0	(1,206)
Options	20	0	0	0	0	0
Commodity Futures	20	0	0	0	0	0
Forwards	20	0	0	0	0	0
		<b>(1,206)</b>	<b>0</b>	<b>(1,206)</b>	<b>0</b>	<b>(1,206)</b>
<b>Financial liabilities measured at amortised cost for which fair value is required to be disclosed</b>						
Loans and Commercial paper	14	1,748	0	1,748	0	1,748
Trade payables	15	2,096	0	0	2,096	2,096
Bonds	14	1,427	1,427	0	0	1,427
Notes	14	1,030	1,030	0	0	1,000

## Notes to the consolidated financial statements as of 31 December 2021

Unit: € m

2020	Note	Fair value measurement using				Carrying amount
		Total Fair value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets at FVTPL</b>						
Swaps	20	146	0	131	15	146
Options	20	19	0	19	0	19
Commodity Futures	20	29	29	0	0	29
Forwards	20	5	0	5	0	5
<b>Financial assets measured FV OCI</b>						
Equity investment	12	3	0	0	3	3
		<b>201</b>	<b>29</b>	<b>155</b>	<b>17</b>	<b>201</b>
<b>Financial assets measured at amortised cost for which fair value is required to be disclosed</b>						
Loans and Capital Subscription	12	371	0	0	371	371
Trade receivables and other debtors	11	1,608	0	0	1,608	1,608
Others	12	21	0	0	21	21
<b>Financial liabilities measured FVTPL</b>						
Swaps	20	(120)	0	(120)	0	(120)
Options	20	0	0	0	0	0
Commodity Futures	20	0	0	0	0	0
Forwards	20	(48)	0	(48)	0	(48)
		<b>(167)</b>	<b>0</b>	<b>(167)</b>	<b>0</b>	<b>(167)</b>
<b>Financial liabilities measured at amortised cost for which fair value is required to be disclosed</b>						
Loans and Commercial paper	14	838	0	838	0	838
Trade payables	15	1,413	0	0	1,413	1,413
Bonds	14	1,913	1,913	0	0	1,913
Notes	14	1,523	1,523	0	0	1,000

## Notes to the consolidated financial statements as of 31 December 2021

### 21. Financial risk management

#### Accounting policy

The Group has systems to identify, assess, monitor and to mitigate the different risks to which it is exposed to and uses various financial instruments to hedge, in accordance with the corporate guidelines across the Group.

Management has assessed the following key risks:

Type	Exposure to risk
Commodity-price risk	High
Exchange-rate risk	Medium
Interest-rate risk	Low
Liquidity risk	Low
Credit risk	Low

#### Analysis of commodity price sensitivity

The sensitivity analysis was performed for balances relating to financial derivatives on commodities. An immediate 10% devaluation in the following commodities price would impact Galp's income, as outlined in the table below:

	2021		2020	
	Risk exposure	Impact on Income Statement	Risk exposure	Impact on Income Statement
Derivatives on natural gas commodities <sup>1</sup>	268	(23)	84	(49)
TTF's (natural gas) contracts	(529)	53	(40)	(15)
Derivatives on oil commodities	4	9	8	(2)
Derivatives on electricity	139	(5)	21	(2)

<sup>1</sup> Excludes the impact of derivatives classified as fair value hedges and cash flow hedges.

#### Commodities price risk

Due to the nature of its business portfolio, Galp is exposed to the volatility of commodities prices, resulting from macroeconomic, geopolitical or technological factors that affect the dynamics of demand and supply, may have a material adverse effect on Galp's assets value, results and financial performance.

The volatility risk in commodities prices is mitigated through hedging instruments available in the exchange and over the counter (OTC) markets, such as Futures and Swaps. (Note 19). The management of these risks is set out in a specific risk policy, including hedging strategies and exposure limits, and a Strategic Hedging Program is annually defined/reviewed.

Additionally, in regard to natural gas and electricity activities, the Group mitigates this risk by establishing natural gas and electricity purchase and sale contracts with similar indexes to protect the business margin against adverse market changes.

## Notes to the consolidated financial statements as of 31 December 2021

### Exchange-rate risk

Exchange rate risk results from fluctuations in the exchange rates of the currencies in which the company conducts its business and in which it prepares its financial statements. The US Dollar is the currency used for the reference price in the oil and natural gas markets. Since Galp prepares its financial statements in Euros, this factor, among others, exposes its operations to exchange rate risk. Given that the operating margin is most sensitive to fluctuations in the US Dollar, the Company is exposed to fluctuations in exchange rates, which can contribute positively or negatively to income and margins.

As this is a currency risk associated with other variables, such as the prices of oil and natural gas, the Group takes a cautious approach to hedging risk, as there are natural hedges between the statement of financial position and the cash flow. The level of exposure of the cash flow, and especially of the statement of financial position, is a function of the price levels of oil and natural gas.

As a result of the above, Galp controls its exchange-rate exposure on an integrated basis rather than on each operation exposed to exchange risk, except in some specific cases. The purpose of exchange rate risk management is to limit the uncertainty resulting from variations in exchange rates, therefore Galp manages this risk centrally through variable and fixed rate financial instruments and hedging derivatives. As of 31 December 2021, Galp held derivatives such as FX Forwards and Swaps to hedge exchange rate risk (Note 19).

### Foreign exchange sensitivity analysis

The sensitivity analysis includes significant balances in foreign currency relating to trade receivables, other receivables, trade payables, other payables, loans, financial derivatives and cash. A 10% devaluation of the Euro against other currencies would impact Galp's income, as outlined in the table below:

	2021		2020	
	Risk exposure	Impact on Income Statement	Risk exposure	Impact on Income Statement
Loans obtained and Finance Lease debt	(265)	26	(200)	20
Marketable securities (included in cash and cash equivalents)	3	0	35	3
Derivatives <sup>1</sup>	134	43	72	(54)
Trade and Other receivables	210	(21)	36	4
Trade and Other payables	389	39	(7)	(1)

Unit: € m

<sup>1</sup>Includes derivatives in USD and FX Forwards, taking into account fluctuations in MTM.

## Notes to the consolidated financial statements as of 31 December 2021

### Key currencies exchange rate

	Unit: € m			
	2021		2020	
	Average	Year-end	Average	Year-end
EUR/USD	1.18	1.13	1.14	1.23
EUR/BRL	6.38	6.31	5.89	6.37
USD/BRL	5.41	5.58	5.16	5.19
EUR/CHF	1.08	1.03	1.07	1.08

### Interest rate risk

Galp's debt, mainly to bank loans and interest-bearing bonds is exposed to volatility of interest rate. Adverse changes in interest rates may have a material adverse effect on Galp's financial performance and results. To reduce the volatility of financial costs in the income statement, Galp manages interest rate risk centrally through variable and fixed rate financial instruments and hedging derivatives following an interest-rate risk management policy. As of 31 December 2021 Galp did not hold any interest-rate derivatives positions on fully-controlled entities.

### Interest rate sensitivity analysis

An analysis of interest rate risk includes variable interest rate loans. A 0.5% increase in the interest rate would impact Galp's financial income as outlined in the table below:

	Unit: € m			
	2021		2020	
	Exposure risk	Impact on Income Statement	Exposure risk	Impact on Income Statement
Loans obtained	(4,175)	(10)	(3,750)	(10)
Marketable securities	478	0	1,058	0

Note: Cash and Equivalents in the Statement of Financial Position comprise Marketable Securities

### Liquidity risk

Liquidity risk is associated with the capacity to access the financial and capital markets to obtain the necessary financial resources to execute its strategy. The inability to access these funds may have a negative effect on the Group's profit and/or cash flow. Galp finances itself through the cash flow generated by its operations and maintains a diversified portfolio of loans and bonds. The Group has access to credit lines that are not fully used but that are at its disposal. The available short term and medium/ long term credit lines that are not being used amount to € 816 m at 31 December 2021 and € 1.3 bn at 31 December 2020. Galp has readily available cash equivalents amounting to €1.9 bn at 31



## Notes to the consolidated financial statements as of 31 December 2021

December 2021 and € 1.7bn at 31 December 2020. These combined amounts add up to € 2.7 bn at 31 December 2021 and € 3 bn at 31 December 2020.

### Credit risk

Credit risk arises from the possibility that a counterparty may not fulfil its contractual payment obligations, including those respecting to financial investments and hedging instruments (relating to exchange rates, interest rates or others), as well as the risks arising from commercial relationships between the Company and its counterparties, and thus depends on the risk level of the counterparty. Credit risk is mitigated through the diversification of the portfolio of both financial counterparties and customers, the selection of reference financial counterparties, the careful drafting of contracts including appropriate commercial terms, and the establishment of collaterals where relevant. The management of this risk follows internal standards, namely the Credit Management Manual, which ensures the transversal management of credit risk and establishes procedures to assess the exposure to such risk. A risk rating is assigned to each customer, to establish its credit limit and to calculate the respective risk-return ratio (ie. Sharpe's ratio).

See Note 11 for further risk assessments, specifically regarding Trade receivables and other receivables.

## 22. Capital structure and financial items

As of 31 December 2021, the Galp Group presents equity in the amount of €3.9bn.

### Share capital, distribution to shareholders and earnings per share

#### Share capital

The share capital of Galp Energia SGPS, S.A. is comprised of 829,250,635 shares, with a nominal value of 1 Euro each and fully subscribed.

#### Distribution to shareholders

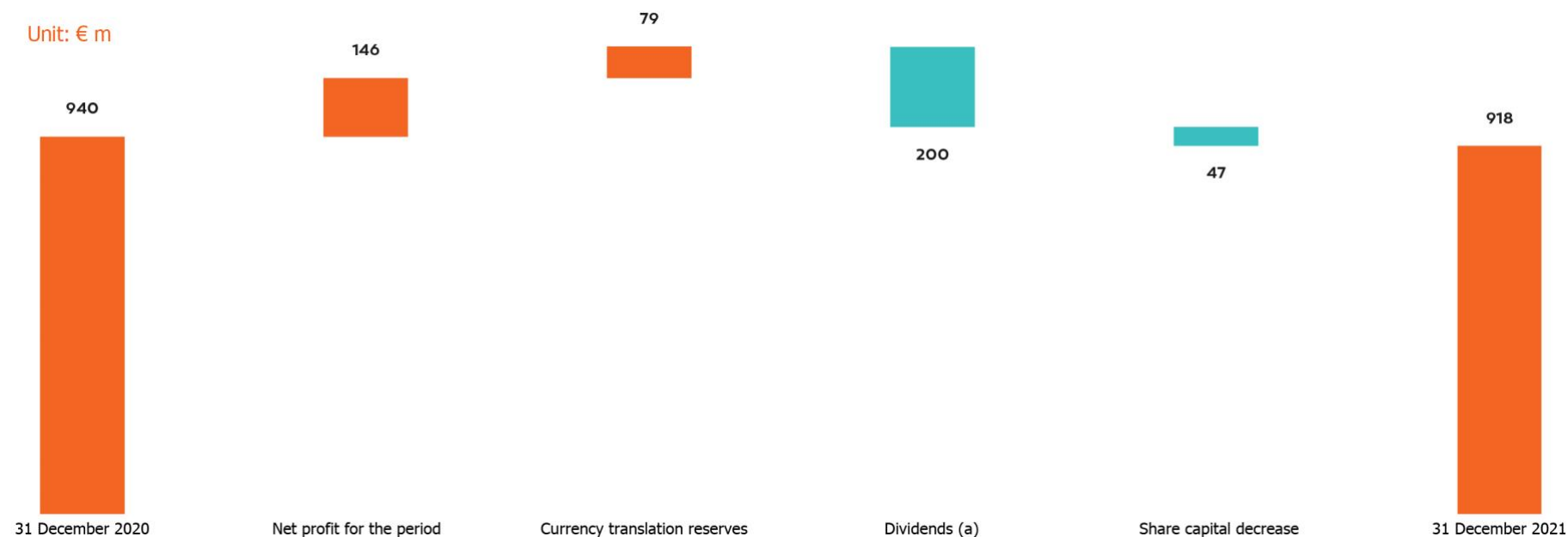
In accordance with a resolution of the General Shareholders' Meeting held on 23 April 2021, Galp Energia, SGPS, S.A.'s shareholders received dividends amounting to €290m (€0.35/share) related to the distribution of net income for the year 2020 and retained earnings. The dividend amount of €290m was paid on 20 May 2021. An additional anticipated dividend of €207m (€0.25/share) was paid to Galp Energia's shareholders on 16 September of 2021. During the year ending 31 December 2021, dividends amounting to €198m have been paid by the subsidiaries of the Galp group to non-controlling shareholders.

As a consequence of the above, during the year ending 31 December 2021, the Group made distributions amounting to €696 m.

## Notes to the consolidated financial statements as of 31 December 2021

### 23. Non-controlling interests

As of 31 December 2021, the changes in non-controlling interests during the year and included in equity are as follows:



(a) Of the €200m corresponding to dividends attributed to non-controlling interests, €2 m were not yet paid.

## Notes to the consolidated financial statements as of 31 December 2021

### 24. Revenue and Income

#### Accounting policies

For the Industrial & Energy Management and the Commercial, Renewables and New Businesses segments, revenue is recognised when Galp has satisfied a performance obligation by transferring the promised products or services to the customer. The product is transferred when the customer obtains control of the same.

Sales are measured at the fair value of the consideration received or receivable. Sales are recognised net of taxes, with the exception of tax on petroleum products, discounts and rebates.

For the Upstream segment, revenue resulting from hydrocarbon production from properties in which Galp has an interest in joint arrangements is recognised on the basis of Galp's working interest (entitlement method). Revenue resulting from the production of oil under production-sharing contracts is recognised for those amounts relating to Galp's cost recovery, and Galp's share of the remaining production.

As mentioned in Note 11, Galp undertakes under- and overlifting activities. Underlifting occurs when the overtaker lifts the barrels from Galp and sells them. When this happens, underlifting income is recognised against an asset (debtor). In similar ways, overlifting occurs when Galp lifts the barrels to which it is not yet entitled. These balances are presented in Other operating income and Other operating costs (Note 25), respectively.

Exchange differences arising from supplier and customer balances are recognised in the operating results.

The IFRS 15 accounting principle considers a principal vs. agent framework in relation to cost incurred and goods and services provided. In accordance with this, Galp analyzed, among others, a service related to the Natural Gas commercialisation activity, namely due to the electricity and gas tariffs paid to distribution entities and recognised as Costs. Services provided or promised to final customers contains the cost of the tariffs included in the price tag and recognised as operating income. Galp concluded that each contract performance obligation to provide the specified goods or services is the responsibility of the Group, thus controlling the goods or services before delivering them to the final customers. Galp is therefore a Principal rather than an Agent when performing its contract obligations.

## Notes to the consolidated financial statements as of 31 December 2021

	Notes	2021	2020
		<b>16,551</b>	<b>11,840</b>
<b>Total sales</b>		<b>15,618</b>	<b>10,771</b>
Goods		8,814	4,570
Products		6,798	6,209
Exchange differences		6	(8)
<b>Services rendered</b>		<b>499</b>	<b>610</b>
<b>Other operating income</b>		<b>324</b>	<b>187</b>
Underlifting income			6
Others		324	180
<b>Earnings from associates and joint ventures</b>	<b>9</b>	<b>83</b>	<b>220</b>
<b>Financial income</b>	<b>27</b>	<b>27</b>	<b>53</b>

Services rendered include, among others, the amount of €45 m, related to charges to third party for the use of gas assets associated with the Upstream segment activity.

## 25. Costs and Expenses

The operating costs for the years ended 31 December 2021 and 2020 were as follows:

	Notes	2021	2020
<b>Total costs and expenditure:</b>		<b>15,708</b>	<b>12,088</b>
<b>Cost of sales</b>		<b>11,752</b>	<b>8,491</b>
Raw and subsidiary materials		3,155	4,238
Goods		6,320	1,594
Tax on oil products		2,624	2,413
Variation in production		(139)	149
Write downs on inventories	10	30	(3)
Costs with the emissions of CO2		51	30
Financial derivatives	19	(295)	83

## Notes to the consolidated financial statements as of 31 December 2021

	Notes	2021	2020
Exchange differences		7	(13)
<b>External supplies and services</b>		<b>1,563</b>	<b>1,473</b>
Subcontracts - network use		332	318
Transport of goods		266	347
E&P - production costs		108	143
Royalties		219	138
E&P - exploration costs		31	15
Other costs		607	512
<b>Employee costs</b>	<b>26</b>	<b>310</b>	<b>356</b>
<b>Amortisation, depreciation and impairment losses on fixed assets</b>	<b>5/6/7</b>	<b>961</b>	<b>1,289</b>
<b>Provision and impairment losses on receivables</b>	<b>11/18</b>	<b>74</b>	<b>114</b>
<b>Other costs</b>		<b>111</b>	<b>126</b>
Other taxes		22	23
Overlifting costs		44	82
Other operating costs		45	22
<b>Financial expenses</b>	<b>27</b>	<b>937</b>	<b>239</b>

The heading "subcontracts – network use" refers to charges for the use of: (i) the distribution network (URD); (ii) the transportation network (URT); and (iii) the global system (UGS) as included in the tariffs.

The amount of €219 m of royalties mainly relates to the exploration and production of oil and gas in Brazil. Royalties are calculated taking into account an applicable rate of 10% for the production volumes in proportion to Galp's share valued at ANP's reference price.

## Notes to the consolidated financial statements as of 31 December 2021

### 26. Employee costs

#### Accounting policies

#### Employee costs

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the respective services are rendered by Galp employees.

#### Remuneration of the Board of Directors

In accordance with the current policy, the remuneration of Galp's Corporate Board members includes all the remuneration due for the positions held in Group companies and all accrued amounts related to the current period.

	Notes	2021	2020
Unit: € m			
<b>Employee costs</b>		<b>310</b>	<b>356</b>
Capitalised employee costs		(6)	(6)
<b>Total employee costs for the year</b>		<b>317</b>	<b>362</b>
Statutory board salaries		8	8
Employee salaries		234	208
Social charges		54	51
Retirement benefits - pensions and insurance	17	(13)	62
Other insurances		9	9
Exchange differences		0	0
Other costs		25	23
<b>Remuneration of the Board Members</b>		<b>8</b>	<b>8</b>
<b>Galp Energia SGPS Board Members</b>		<b>7</b>	<b>7</b>
Salaries and cash bonuses		6	6
Pension funds contribution		1	1
<b>Subsidiaries Board Members</b>		<b>1</b>	<b>1</b>
Salaries and cash bonuses		1	1
<b>Year-end number of full-time employees</b>		<b>6,152</b>	<b>6,114</b>

### 27. Financial income and expenses

#### Accounting policies

Financial income and expenses include interest on loans and bonds, leasing and retirement and other benefit plans. Other financial income and expenses from other financial assets or liabilities are not included in this caption.

The financial charges on loans obtained are recorded as financial expenses on an accruals basis. Financial charges arising from general and specific loans

## Notes to the consolidated financial statements as of 31 December 2021

obtained to finance investments in fixed assets are assigned to tangible and intangible assets in progress, in proportion to the total expenses incurred on those investments net of investment government grants, until the commencement of operations. The remainder is recognised under the heading of financial expenses in the income statement for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised. Those financial charges included within fixed assets are depreciated over the useful lives of the respective assets.

Financial expenses of €937 m relate mostly to Results from derivative financial instruments (€832 m). Impact of derivatives results to Mark-to-Market (MTM) and due to high volatility in gas prices, namely sudden increase at year end. See note 2.2.1. and 19.

		Unit: € m	
	Notes	2021	2020
		<b>(910)</b>	<b>(186)</b>
<b>Financial income</b>		<b>27</b>	<b>53</b>
Interest on bank deposits		8	13
Interest and other income with related companies		10	4
Other financial income		9	5
Results from derivative financial instruments	19	0	31
<b>Financial expenses</b>		<b>(937)</b>	<b>(239)</b>
Interest on bank loans, bonds, overdrafts and others		(50)	(89)
Interest on related party loans		0	0
Interest capitalised in fixed assets	5	15	22
Interest on lease liabilities	7	(76)	(80)
Net interest on retirement and other benefits	17	(4)	(5)
Charges relating to loans, bonds and credit lines		(9)	(8)
Exchange gains/(losses)		31	(78)
Results from derivative financial instruments	19	(832)	0
Other financial costs		(10)	(1)

## Notes to the consolidated financial statements as of 31 December 2021

### 28. Commitments

The total contractual obligations and recognised non-current liabilities can be specified as follows (payments due for each period):

	x\$				Unit: € m
		1-3 years	4-5 years	More than 5 years	Total
<b>Total obligation recognised in the statement of financial position</b>		<b>88</b>	<b>39</b>	<b>126</b>	<b>252</b>
Post-employment benefits		63	23	(4)	82
Other benefits		25	16	130	171
<b>Total obligation not recognised in the statement of financial position</b>		<b>2,862</b>	<b>2,278</b>	<b>6,530</b>	<b>11,670</b>
Natural gas purchases		3,256	2,278	6,530	12,064
Natural gas sales		(394)	0	0	(394)

These contracts require a minimum purchase quantity and are subject to price revision mechanisms indexed to international oil/gas quotes. The amounts were calculated based on the outstanding period of time of each of the different contracts, and natural gas prices as of 31 December 2021.

As part of its ongoing business operations, the Group has entered into agreements where commitments have been given for commercial, regulatory or other operational purposes. As of 31 December 2021 and 2020 obligations subject to collaterals granted are as follows:

	Unit: € m	
<b>Guarantees provided</b>	<b>4,322</b>	<b>3,935</b>
Venture Global, LLC	1,766	1,630
Charter Agreement FPSO	1,283	1,184
Coral South FLNG project	427	303
Cercena Investments, S.L.U.	178	178
Grenergy	160	160
Petrobras	38	43
Brazilian ANP	19	21
Others related to core activities	451	416

Under the contract established in April 2018, with Venture Global LLC, related to the LNG Sales and Purchase Agreement, Galp provided a parent company guarantee in the total amount of the contract (USD 2 bn).

Related to the four charter agreements for FPSOs, Galp provided a parent company guarantee amounting to USD 1,453 m, in the name of Tupi, B.V., which represents Galp's proportion of the BM-S-11 consortium.



## Notes to the consolidated financial statements as of 31 December 2021

Under the financing of the Coral South FLNG project, Galp Energia SGPS S.A. is providing a parent company guarantee related to the Debt Service Undertaking (DSU) agreement, on the total outstanding debt amount at any time in proportion to its participation. This guarantee expires at the time of the Actual Completion Date (estimated for the year 2024) if no obligations are outstanding under the DSU. As of 31 December 2021, Galp's stake in the obligation amounted to €384 m. Also within the scope of this financing, Galp Energia SGPS S.A. provides a guarantee covering 1/9 of the DSU on behalf of ENH Empresa Nacional de Hidrocarbonetos (ENH), one of consortium members of the Coral South FLNG project, which corresponds to Galp's share of the consortium, excluding ENH. As of 31 December 2021, Galp's stake in the responsibility taken on in relation to ENH amounts to €43 m.

The Group has entered into Power Purchase Agreement (PPA) with X-Elio (aka Cercena Investments) and Grenergy to supply solar energy for which it has provided parent company guarantees amounting to €178 m and €160 m, respectively.

The collateral granted to Petróleo Brasileiro S.A. ("Petrobras") amounting to €38 m is due to guarantees for gas supply contracts from the development modules of Lula Pilot and Lula NE.

The collateral for crude oil exploration concession agreements has been granted to the Brazilian Agency of Petroleum, Natural Gas and Biofuels ("ANP"), for an amount of €19 m. The collateral has been granted in connection with the Minimum Exploration Programmes where Galp, as a consortium member, is required to perform certain seismic and drilling and well activities during the exploration period.

Galp Group has bank loans that, in some cases, have covenants that can, if triggered by banks, lead to the early repayment of the borrowed amounts. As of 31 December 2021, the Medium/Long term debt amounted to €3.0 bn.

Contracts with covenants accounted for €2.1 bn of this amount. The existing covenants are essentially designed to ensure compliance with financial ratios that monitor the financial position of the Company, including its ability to service debt. The Total Net Debt to consolidated EBITDA RCA (without IFRS 16) ratio is the most frequently used and, as of 31 December 2021 was 1.1x in accordance with the methodology stated in the contracts. The ratio stipulated in the contracts in general is in the range of 3.25 – 3.75 x EBITDA.

## 29. Related party transactions

### Accounting policies

A related party is a person or entity that is related to the entity preparing its financial statements, as follows:

(a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity; (v) The entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (vi) The entity is controlled or

## Notes to the consolidated financial statements as of 31 December 2021

jointly controlled by a person identified in (a); (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Group has had the following material transactions with related parties:

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
<b>Assets:</b>		<b>44</b>	<b>411</b>	<b>77</b>	<b>330</b>
Associates		3	65	16	57
Joint ventures		31	346	7	273
Winland International Petroleum, S.A.R.L.		0	0	39	0
Other related entities		10	0	15	0

Unit: € m

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
<b>Liabilities:</b>		<b>(61)</b>	<b>(4)</b>	<b>(62)</b>	<b>0</b>
Associates		(4)	(84)	(12)	0
Joint Ventures		(54)	0	(46)	0
Winland International Petroleum, S.A.R.L.		(4)	0	0	0
Other related entities		0	0	(3)	0

Unit: € m

## Notes to the consolidated financial statements as of 31 December 2021

	Unit: € m					
	2021			2020		
	Purchases	Operating cost/income	Financial costs/income	Purchases	Operating cost/income	Financial costs/income
<b>Transactions:</b>	<b>(1)</b>	<b>(13)</b>	<b>10</b>	<b>(10)</b>	<b>43</b>	<b>3</b>
Associates	(1)	(42)	(0)	2	(115)	0
Joint Ventures	0	(12)	7	0	(11)	2
Other related entities	0	41	3	(12)	168	1

### 30. Companies in the Galp Group

Judgment is required whenever an entity is acquired or modified in order to give a proper and clear image of the consolidated financial statements. In order to do this, several items are analysed to support the accounting decisions, namely:

- Power over the investee;
- Exposure or rights in relation to the variable results arising through its relationship with the investee; and
- Ability to use its power over the investee to impact the amounts of the results to the investors.

Shareholder agreements are also thoroughly analysed to identify any contract clauses which give substantive power or give only protection rights to the investor. An analysis of the substance rather than the legal form is necessary for proper accounting treatment.

## Notes to the consolidated financial statements as of 31 December 2021

### Consolidation perimeter

The Companies consolidated in accordance with the full consolidation method are disclosed below:

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
<b>Parent company</b>						
Galp Energia, SGPS, S.A., Portugal						
<b>Subsidiaries by groups</b>						
Galp Energia, S.A., Portugal	100%					●
<b>Galp Energia E&amp;P Subgroup</b>						
Galp Energia E&P, BV, The Netherlands	100%					●
Galp Sinopec Brazil Services BV, The Netherlands	70%					●
Galp E&P Brazil BV, The Netherlands	100%					●
Galp Energia Brasil, S.A., Brazil	100%					●
Petrogal Brasil, BV, The Netherlands	100%					●
Petrogal Brasil, S.A., Brazil	70%					●
Petrogal Brasil Comercializadora, Lda., Brazil	70%					●
Galp East Africa BV, The Netherlands	100%					●
Galp Energia Rovuma BV, The Netherlands	100%					●
Galp Energia Rovuma BV (Mozambique branch), Mozambique	-					●
Galp West Africa, S.A. (ex-Galp Exploração e Produção Petrolífera, S.A.), Portugal	100%					●
Galp São Tomé e Príncipe Unipessoal, Limitada, São Tomé and Príncipe	100%					●
Windhoek PEL 23 BV, The Netherlands	100%					●
Windhoek PEL 23 BV (Branch in Namibia), Namibia	-					●
Windhoek PEL 28 BV, The Netherlands	100%					●
Windhoek PEL 28 BV (Branch in Namibia), Namibia	-					●
Galp Energia Overseas Block 14 BV, The Netherlands	100%					●
Galp Energia Overseas Block 14 BV - Branch in Angola, Angola	-					●
Galp Energia Overseas Block 32 BV, The Netherlands	100%					●
Galp Energia Overseas Block 32 BV - Branch in Angola, Angola	-					●

## Notes to the consolidated financial statements as of 31 December 2021

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
Galp Energia Portugal Holdings BV, The Netherlands <sup>(1)</sup>	100%				●	
Galp Trading, S.A., Switzerland	100%					●
Tagus Re, S.A., Luxembourg	100%					●

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
<b>Galp New Energies Subgroup</b>						
Galp New Energies, S.A., Portugal	100%					
Carricho Cogeração Sociedade de Geração de Electricidade e Calor, S.A., Portugal	65%					●
GDP Gás de Portugal, S.A., Portugal	100%					●
Enerfuel, S.A., Portugal	100%					●
Galp Bioenergy BV, The Netherlands	100%					●
Belem Bioenergia Brasil, S.A., Brazil	100%					●
Galp Parques Eólicos de Alcoutim Lda, Portugal	100%					●
GowithFlow, S.A., Portugal	100%					●
Fornax Energy, S.L., Spain	100%					●
Magallon 400, S.L., Spain <sup>(2)</sup>	68%					●
ISDC International Solar Development Corporation, Lda., Portugal	100%					●
QNO - Sociedade Agrícola, Unipessoal, Lda, Portugal	100%					●
Bujeo 2021, SLU (ex-Éter Solarbay S.L.), Spain	100%					●
Jerjes Energia, SLU (ex-Cíclope Solarbay, S.L.), Spain	100%					●
Duplexia Experts, S.L., Spain	100%					●
Gastroselector Market, S.L., Spain	100%					●
Pitarco Energia, S.L.U., Spain	100%					●
<b>Petrogal Subgroup</b>						
Petrogal, S.A., Portugal	100%					● ●
Petrogal, S.A. (Branch in Spain), Spain	-					●
Galp Energia España, S.A., Spain	100%					●

## Notes to the consolidated financial statements as of 31 December 2021

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
Galpgest - Petrogal Estaciones de Servicio, S.L.U., Spain	100%				●	
Galp Energia Independiente SL (ex-Recule Investments SL), Spain	100%					●
Galp Açores S.A., Portugal	100%				●	
Saaga - Sociedade Açoreana de Armazenagem de Gás, S.A., Portugal	68%				●	
Galp Madeira S.A., Portugal	100%				●	
CLCM - Companhia Logística de Combustíveis da Madeira, S.A., Portugal	75%				●	
Sacor Marítima, S.A., Portugal	100%				●	
C.L.T. - Companhia Logística de Terminais Marítimos, S.A., Portugal	100%				●	
Sempre a Postos - Produtos Alimentares e Utilidades, Lda., Portugal	75%				●	
Tanquisado - Terminais Marítimos, S.A., Portugal	100%				●	
Galpgeste - Gestão de Áreas de Serviço, S.A., Portugal	100%				●	
Galp Exploração e Produção (Timor Leste), S.A., Portugal	100%				●	
Portcogeração, S.A., Portugal	100%				●	
Galp Marketing Internacional, S.A., Portugal	100%				●	
Petrogal Guiné-Bissau, Lda., Guinea-Bissau	100%				●	
Petromar - Sociedade de Abastecimentos de Combustíveis, Lda., Guinea-Bissau	80%				●	
Petrogás - Importação, Armazenagem e Distribuição de Gás, Lda., Guinea-Bissau	65%				●	
C.L.C. Guiné Bissau – Companhia Logística de Combustíveis da Guiné Bissau, Lda., Guinea-Bissau	90%				●	
Empresa Nacional de Combustíveis - Enacol, S.A.R.L, Cape Verde*	48%				●	
Enamar - Sociedade Transportes Marítimos, Sociedade Unipessoal, S.A., Cape Verde	48%				●	
EnacolGest, Lda., Cape Verde	48%				●	
Petrogal Moçambique, Lda., Mozambique	100%				●	
Galp Moçambique, Lda., Mozambique	100%				●	
Galp Moçambique, Lda. (Branch in Malawi), Malawi	-				●	
Galp Eswatini (PTY) Limited, Eswatini	100%				●	
Petrogal Angola, Lda., Angola	100%				●	
Galp Gás Natural, S.A., Portugal	100%				●	●
Transgás Armazenagem - Soc. Portuguesa de Armazenagem de Gás Natural, S.A., Portugal	100%					●
Transgás, S.A., Portugal	100%					●

## Notes to the consolidated financial statements as of 31 December 2021

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others	
	Company and country					Percentage of shares owned	Activity
	Lisboagás Comercialização, S.A., Portugal					100%	●
	Lusitaniagás Comercialização, S.A., Portugal					100%	●
	Setgás Comercialização, S.A., Portugal					100%	●
	Agroger - Sociedade de Cogeração do Oeste, S.A., Portugal					100%	●
	LGA – Logística Global de Aviação, Lda, Portugal					60%	●

<sup>(1)</sup> 73,2% of the interest held by Galp Energia E&P, BV and 28,8% held by Petrogal, S.A.

<sup>(2)</sup> 53,24% of the interest held by Fornax Energy, SLU, 7,14% held by Duplexia Experts, SL and 7,14% held by Gastroselector Market, SL.

\*The Group controls Enacol's financial and operational policies and is expected to continue to do so by means of a representative majority of votes at the Board of Directors' meetings.

## Notes to the consolidated financial statements as of 31 December 2021

### Unincorporated joint operations

Joint operations - Oil Consortia	
Consortium	Galp's participation interest
<b>Oil Consortium in Brazil</b>	
BM-S-8	20%
BM-S-11	10%
BM-S-11 A	10%
BM-S-24	20%
PEPB-M-783	20%
PEPB-M-839	20%
BAR-300	10%
BAR-342	10%
BAR-344	10%
BAR-388	10%
Carcará Norte	20%
C-M-791	20%
Block Uirapuru	14%
AM-T-62	40%
AM-T-84	40%
AM-T-85	40%
Cabinuas	10%
<b>Oil Consortium in Mozambique</b>	
Area 4	10%

Joint operations - Oil Consortia	
Consortium	Galp's participation interest
<b>Oil Consortium in Angola</b>	
Block 14	9%
Block 14K	4.5%
Block 32	5%
Block 33*	5.33%
Sonagas*	10%
<b>Oil Consortium in Namibia</b>	
PEL82	80%
PEL83	80%
<b>Oil Consortium in São Tomé and Príncipe</b>	
Block 6	45%
Block 11	20%
Block 12	41%
<b>Oil Consortium in Uruguay*</b>	
Area 3	20%
Area 4	20%

\*Joint operations with no activity during 2021 and in process of dosing.



## Notes to the consolidated financial statements as of 31 December 2021

### Incorporated Joint Operations

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
Sigás - Armazenagem de Gás, A.C.E., Portugal	60.00%				●	
Pergás – Armazenamento de Gás, A.C.E., Portugal	51.00%				●	
Multiservicios Galp Barcelona, Spain	50.00%				●	

### Joint Ventures

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
Tupi B.V., The Netherlands*	9.26%		●			
Iara B.V., The Netherlands*	1.72%		●			
Coral FLNG, S.A., Mozambique*	10.00%				●	
Coral South FLNG DMCC, United Arab Emirates*	10.00%					●
Rovuma LNG, S.A., Mozambique*	10.00%				●	
Rovuma LNG Investments (DIFC) LTD., United Arab Emirates*	10.00%					●
C.L.C. - Companhia Logística de Combustíveis, S.A., Portugal*	65.00%				●	
Asa - Abastecimento e Serviços de Aviação, Lda., Portugal	50.00%				●	
Caiageste - Gestão de Áreas de Serviço, Lda., Portugal	50.00%		●			
Ventinveste, S.A., Portugal*	51.50%					●
Parque Eólico de Vale Grande, S.A., Portugal*	51.50%					●
Talar Renewable Energy, S.L., Spain	50.00%					●

\* Galp has joint control over the selected entities even if it holds more or less than 50% of the shares by means of a Shareholder agreement that conveys substantive power to conclude joint control for the joint shareholder or Galp.

## Notes to the consolidated financial statements as of 31 December 2021

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
<b>Solar Subgroup</b>						
Titan 2020, S.A. (ex-Zero E-Euro Assets, S.A.), Spain*	75.01%					●
Instalaciones y Servicios Spinola I, S.L.U., Spain*	75.01%					●
Instalaciones y Servicios Spinola II, S.L.U., Spain*	75.01%					●
Energia Sierrezuela, S.L.U., Spain*	75.01%					●
Titan 2020, S.A. (ex-Zero E-Euro Assets, S.A.), Spain*	75.01%					●
Palabra Solar, S.L.U., Spain*	75.01%					●
Planta Solar Alcázar 1, S.L.U., Spain*	75.01%					●
Planta Solar Alcázar 2, S.L.U., Spain*	75.01%					●
PE Valdecarro, S.L.U., Spain*	75.01%					●
Energias Ambientales de Soria, S.L.U., Spain*	75.01%					●
El Robledo Eólico, S.L.U., Spain*	75.01%					●
Ribagrande Energia, S.L.U., Spain*	75.01%					●
Valdelagua Wind Power, S.L.U., Spain*	75.01%					●
Escarnes Solar, S.L.U., Spain*	75.01%					●
Envitero Solar, S.L.U., Spain*	75.01%					●
Mocatero Solar, S.L.U., Spain*	75.01%					●
Escatrón Solar, S.L.U., Spain*	75.01%					●
Ignis Solar Uno, S.L.U., Spain*	75.01%					●
Emoción Solar, S.L.U., Spain*	75.01%					●
Mediomonte Solar, S.L.U., Spain*	75.01%					●
Esplendor Solar, S.L.U., Spain*	75.01%					●
Hazaña Solar, S.L.U., Spain*	75.01%					●
Talento Solar, S.L.U., Spain*	75.01%					●
C.B. La Jarrina, Spain*	75.01%					●
C.B. Aragon Sur, Spain*	75.01%					●
C.B. Samper De Calanda, Spain*	75.01%					●
Renovables Spinola I, S.L., Spain*	75.01%					●

## Notes to the consolidated financial statements as of 31 December 2021

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infrastructure	● Others
Company and country	Percentage of shares owned					Activity
Energia de Suria, S.L.U., Spain*				75.01%		●
Energia Faetón, S.L.U., Spain*				75.01%		●
Logro Solar, S.L.U., Spain*				75.01%		●
Ictio Toledo Solar, S.L.U., Spain*				75.01%		●
Ictio Solar, S.L.U., Spain*				75.01%		●
Ictio Solar Auriga, S.L.U., Spain*				75.01%		●
Ictio Manzanares Solar, S.L.U., Spain*				75.01%		●
Ahin PV Solar, S.L.U., Spain*				75.01%		●
Ictio Solar Andromeda, S.L.U., Spain*				75.01%		●
Ictio Solar Berenice, S.L.U., Spain*				75.01%		●

\* Galp has joint control over the selected entities even if it holds more or less than 50% of the shares by means of a Shareholder agreement that conveys substantive power to conclude joint control for the joint shareholder or Galp.

## Investment in Associates

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infraestrutur	● Others
Company and country	Percentage of shares owned					Activity
Aero Serviços, SARL - Sociedade Abastecimento de Serviços Aeroportuários, Guineá-Bissau*				50.00%		●
EMPL - Europe Maghreb Pipeline, Ltd, Spain				22.80%		●
Galp IPG Matola Terminal Lda, Mozambique				45.00%		●
Geo Alternativa, S.L., Spain				25.00%		●
IPG Galp Beira Terminal Lda, Mozambique				45.00%		●
Metragaz, S.A., Marocco				22.64%		●
Sodigás-Sociedade Industrial de Gases, S.A.R.L, Cape Verde				23.00%		●
Sonangal - Sociedade Distribuição e Comercialização de Combustíveis, Lda., Angola				49.00%		●
Tauá Brasil Palma, S.A.				49.99%		●
Terparque - Armazenagem de Combustíveis, Lda., Portugal				23.50%		●
SABA - Sociedade abastecedora de Aeronaves, Lda., Portugal				25.00%		●
Imopetro - Importadora Moçambicana de Petróleos, Lda, Mozambique				5.88%		●

## Notes to the consolidated financial statements as of 31 December 2021

Activity:	● Upstream	● Midstream	● Commercial	● Renewables & New Businesses	● Infraestrutur	● Others
Company and country	Percentage of shares owned					Activity
CMD – Aeroportos Canarios S.L., Spain***	15.00%	●				
<b>Galp Gás Natural Distribuição Subgroup</b>						
Galp Gás Natural Distribuição, S.A., Portugal**	2.49%				●	

\*Galp has significant influence even though it holds 50%, of the shares of Aero Serviços SARL.

\*\*Galp has significant influence even though it holds less than 20% of the shares.

\*\*\* The shares held on CMD (15%) results of a liquidation process of former entity Galp Disa Aviación whereas Galp had a stake of 50%.

## 31. Subsequent events

### Accounting policy

Events occurring after the date of the financial statements and which provide indications of conditions that exist after the date of the financial statements, if material, are disclosed in the Notes to the consolidated financial statements.

On 24 February 2022, Russia launched an invasion of Ukraine. Following this event, several countries imposed sanctions to Russia and supported financial and humanitarian aid to Ukraine and its refugees. Many foreign entities decided to leave or avoid commercial relationships with Russia. On 2 March, Galp announced its intention to suspend all commercial relationships with Russia or Russian companies. Although Galp has no subsidiaries, joint ventures or joint operations, or any other financial interests in Russian entities, Galp is in the process of eliminating any direct or indirect exposure to energy commodities either sourced in Russia or from Russian companies. Although this measure will impact Sines refining operations and its likely financial contribution, Galp will continue to ensure the supply of gas and fuels to the Portuguese market.

The above mentioned is not expected to have a significant impact on group's Consolidated Financial Statements as of 31 December 2021 however the future potential effects of this situation cannot be estimated at the moment.

## Notes to the consolidated financial statements as of 31 December 2021

### 32. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 25 March 2022. However, they are still subject to approval by the General Meeting of Shareholders, in accordance with the commercial law applicable in Portugal.

#### Chairperson:

Paula Amorim

#### Vice-chair and Lead Independent Director:

Miguel Athayde Marques

#### Vice-chair and CEO:

Andy Brown

#### Members:

Filipe Silva

Thore Kristiansen

Teresa Abecasis

Georgios Papadimitriou

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Javier Cavada Camino

#### Accountant:

Paula de Freitas Gazul

## Notes to the consolidated financial statements as of 31 December 2021

### 33. Explanation regarding translation

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.



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www.ey.com

(Translation from the original document in the Portuguese language.  
In case of doubt, the Portuguese version prevails)

## Statutory and Auditor's Report

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying consolidated financial statements of Galp Energia, SGPS, S.A. (the Group or Galp), which comprise the Consolidated Statement of Financial Position as at 31 December 2021 (showing a total of 14,912 million of euros and a total equity of 3,970 million of euros, including a consolidated net profit for the year of 150 million of euros), and the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Galp Energia, SGPS, S.A. as at 31 December 2021, and of its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

## 1. Recoverability of non-current assets, including the potential impacts of climate change and energy transition

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As of December 31, 2021, the amount of non-current assets recognized in the Group's consolidated financial statements totals 5.814 million euros, of which 4.223 million euros are in the Upstream segment (Notes 5 and 6).</p> <p>Auditing the recoverability of non-current assets is subjective due to the significant amount of judgement involved in determining whether indicators of impairment or impairment reversal exist, particularly for longer term assets. Indicators should reflect significant upward or downward revisions in assumptions impacting the future potential long-term value of an asset, rather than drivers of short-term fluctuations in value.</p> <p>Key judgements in determining whether indicators of impairment or impairment reversal exist include changes in forecast commodity price and refining margin assumptions, movements in oil and gas reserves, the expected useful lives of assets, changes in asset performance and future development plans, including those relating to group's carbon emission reduction targets.</p> <p>As described in Note 2, the most complex of these judgements relate to management's view on the long-term oil and gas price outlook. Forecasting future prices is inherently difficult, as it requires forecasts that reflect developments in demand such as global economic growth, technology efficiency, policy measures and, on the supply side, consideration of investment and resource potential, cost of development of new supply and behaviour of major resource holders. These judgements are particularly difficult because of increased demand uncertainty and pace of decarbonisation due to climate change and the energy transition.</p>	<p>Our approach included the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Understanding and evaluating management's process for defining cash-generating units and for the identification of indicators of impairment and reversals of impairment. Separately from management, for material assets, we also assessed independently whether or not indicators of impairment or reversal triggers exist, considered the existence of other contradictory evidence that could indicate a significant increase or decrease in the recoverable amount of any of Galp's assets.</li> <li>▶ Related to oil and gas price projections and refining margins our procedures included: <ul style="list-style-type: none"> <li>▶ Assessing the reasonableness of future short and long-term oil and gas price assumptions by comparing these to an independently developed reasonable range of forecasts based on consensus analysts' forecasts and those adopted by other international oil companies;</li> <li>▶ Comparing Galp's oil and gas price scenarios to the IEA's Net Zero Emissions 2050 (NZE) and to the IEA's Announced Pledges Scenario (APS) price assumptions as potential contradictory evidence for best estimates of future oil and gas prices. The APS assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time;</li> <li>▶ Evaluating the reasonableness of Galp's refining margin assumptions by comparing these to independent analysts' forecasts;</li> </ul> </li> <li>▶ Related to oil and gas reserves our procedures included: <ul style="list-style-type: none"> <li>▶ Assessing the professional qualifications and objectivity of Management's independent expert responsible for preparing the oil and gas reserves estimate and comparing the certified volumes with those included in the impairment analyses;</li> <li>▶ In order to assess the risk of the reserves not ultimately being produced we analyzed the carbon intensity of GALP's Upstream segment assets, focusing on those with higher carbon intensity and assessing the potential impact on the long-term value of these assets;</li> </ul> </li> </ul>



Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
	<ul style="list-style-type: none"> <li>▶ Related to the business plan our procedures included:               <ul style="list-style-type: none"> <li>▶ Evaluating the assumptions used in the preparation of the Group business plan and compared the actual performance of assets to the forecasts made in the prior year;</li> <li>▶ Considering the existence of other contradictory evidence, such as public comments or commitments made by GALP in relation its decarbonization strategy and whether these could impact the future potential value of any assets;</li> <li>▶ Testing the Group discount rates, with the support of specialists, through comparison with relevant market and industry data;</li> <li>▶ Performing sensitivity analyses on critical assumptions of the impairment analyses, namely on future oil and gas prices, refining margins, CO2 prices and oil and gas reserves.</li> </ul> </li> <li>▶ Related to exploration and evaluation (E&amp;E) assets our procedures included, assessing the recoverability risk of Group's E&amp;E assets against the impairment criteria within IFRS 6 Exploration for and Evaluation of Mineral Resources, challenging management on the likelihood of progressing these assets, including the strategic fit of the assets, planned capex and project economics and the expectation that sufficient cash resources will be available to fund the expected development of assets.</li> </ul> <p>We have assessed the disclosures in Notes 5 and 6 related to non-current assets, including the sensitivity of the carrying value of assets to changes in future oil and gas price assumptions.</p>

## 2. Derivative financial Instruments

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>At December 31, 2021, the Group has derivative financial instruments assets and liabilities of 1.106 Million euros and 1.205 Million euros, respectively, having recognized unrealized losses on derivative financial instruments of 832 million euros (note 2.21, 19, 20, 21 and 27).</p> <p>As mentioned in note 19 to the consolidated financial statements, the Group uses derivative financial instruments in financial risk management. Some of the derivatives contracted fall under hedge accounting as defined in IFRS 9 Financial Instruments: 'Recognition and Measurement', while others, even if contracted and held for the purpose of managing risk, do not meet the requirements for hedge accounting and are accounted for as trading derivatives, with changes in fair value recorded directly in the consolidated income statement.</p> <p>In 2021, the Group continued the implementation of internal processes and controls related to the Energy Management function while observing: (i) significant volatility in commodity prices, specifically gas prices, which led to the outflow of cash to meet the margin deposits of the related derivative financial instruments; and (ii) uncertainties regarding the sourcing of gas in the international markets.</p> <p>The volume of transactions, the significance of the amounts, the degree of judgment associated with the valuation and the potential magnitude of the impacts deriving from the trading activity, to which should be added the significant volatility of commodity prices noted in 2021 and the growing uncertainty as a result of the armed conflict in Ukraine, together with the complexity of information systems, spreadsheets and processes that support a significant volume of different types of derivative transactions, justify that this matter was a relevant subject of our audit.</p>	<p>Our approach included the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Understanding the stage of implementation of processes and internal controls related to the Energy management function;</li> <li>▶ Assessing the compliance of derivative financial instruments with the accounting principles in IAS 32 Financial instruments: 'Presentation' and IFRS 9 Financial instruments: 'Recognition and measurement', including reviewing the designations of cash flow hedges and fair value;</li> <li>▶ Assessing, through analytical review procedures, of balances related to derivative financial instruments in order to understand whether the changes occurred are consistent with the expectations formed, taking into account changes in the business environment and in the prices of major commodities and the number of transactions;</li> <li>▶ Sample testing of the valuation of derivative open positions, including: (a) validation of contract terms and key assumptions; (b) confirmation of the appropriate use of price curves through external sources; and (c) independent recalculation of the fair value;</li> <li>▶ Reconciliation on a sample basis, of open positions at the date of the consolidated statement of financial position through independent or counterparty statements;</li> <li>▶ Review, reconciliation and verification of the adequacy and consistency of the calculations performed by the information systems and spreadsheets relating to derivative financial instruments; and</li> <li>▶ Involvement of specialists with knowledge in the areas of capital markets.</li> </ul> <p>We have reviewed of the adequacy of disclosures related to derivative financial instruments and hedge accounting (notes 2.21, 19, 20, 21 and 27), including those related to fair value, in accordance with applicable accounting standards and other factors deemed relevant.</p>

### 3. Financial impacts associated with the discontinuation of refining activities in Matosinhos

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As announced in December 2020, Galp has decided to concentrate its refining activities and future developments in Sines, discontinuing refining operations in Matosinhos. Subsequently, Galp announced a protocol with the municipality of Matosinhos and CCDR-N, to jointly develop an integrated solution aimed at creating an innovation district that will renovate the area where the refinery was installed.</p> <p>In 2021, the group continued to assess the impacts related to the closure of the Matosinhos refinery and its conversion to an innovation district, having updated the expected future financial impacts based on the most updated information at the time.</p> <p>At December 31, 2021, the Group increased provisions for dismantling, decommissioning and decontamination by 71 million euros (note 18) and increased impairment losses by 50 million euros, and recognized a gain for the period of 49 million euros related to the residual value of assets to be dismantled (note 5).</p> <p>The materiality of the amounts involved when compared to the Group's income for the year and the degree of judgement associated with (i) assessing the recoverable amount of certain assets located at the Matosinhos refinery in the context of their future use and (ii) estimating closure costs, namely due to the limited past experience in activities considered reference for future cost estimates, which often depend on the extent of the contamination of the assets to be decommissioned, the impact and timing of the necessary corrective actions as well as environmental requirements that must be followed, justify that this was considered as a key audit matter.</p>	<p>Our approach included the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Understanding Galp's updated plan for the discontinuation of the refining operations in Matosinhos, including interactions with Galp's team specially created for this purpose, with special focus on the changes from the previous year and the adaptation of the park area to the operational requirements considering its future use;</li> <li>▶ Testing the completeness of assets subject to impairment and assessing the reasonableness of the assumptions and significant judgements underlying the determination of its recoverable amount. For assets not subject to impairment (for example, land and some logistics assets), we've assessed the existence of potential impairment indicators, namely by understanding their future use and projecting the recoverable amount of these assets based on technical documentation;</li> <li>▶ Understanding the process and changes to the estimate of costs to be incurred with the dismantling, decommissioning and decontamination. Our procedures included confirming the consistency of this estimate with the technical evaluation performed by the independent expert, industry practice and assumptions used by management;</li> <li>▶ Evaluating the reasonableness of the key data and assumptions used in determining future closure costs, namely: (i) size of the industrial area and tank storage capacity, comparing this data with available public sources or technical documentation; (ii) cost drivers, by reviewing studies and documentation related to previously decommissioned facilities or sites;</li> <li>▶ Assessing the professional qualifications and objectivity of the Management independent expert responsible for preparing the cost estimate for decontamination and decommissioning;</li> <li>▶ Reviewing contracts and other documentation (including research on any litigations and claims against the Group) to assess potential obligations or disclosures of contingent liabilities; and</li> <li>▶ Assessing the reasonableness of the measurement criteria for the provision taking into consideration the expected timing of the activities and the reasonableness of the discount rate, for which we engaged our internal specialists.</li> </ul> <p>We have verified the appropriateness of the disclosures presented in notes 5 and 18 , in accordance with applicable accounting standards and other factors deemed relevant.</p>

#### 4. Implementation of a new ERP system

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>During the year ended on December 31, 2021, and following its digital transformation process, the Group continued the implementation of the multi-year project for the transformation of its financial information system ("Enterprise resource planning", hereinafter ERP), (note 2)</p> <p>The new ERP is transversal to the majority of the Group entities, impacting its main internal processes, including the related control activities, namely accounts receivable and revenue, accounts payable and purchases, tangible and intangible fixed assets, leases, inventories and financial statement close process.</p> <p>During 2021, 11 entities of the "Industrial &amp; Energy Management" and "Commercial" business units, including its parent company, Galp Energia SGPS, S.A., have migrated to the new ERP - SAP S/4HANA, of which represented 41% and 68% of Group's total assets and revenue, respectively.</p> <p>The accounting records of the entities included in the Group consolidation perimeter and the related financial statement close processes are based on the efficiency of the ERP used and its interconnection with the peripheral information systems. For the preparation of group's consolidated financial statements the financial information system used was that from the prior year.</p> <p>The complexity of the system, the multiple activities of the companies impacted, the volume of the existing data and the inherent risks associated with its integrity and security, including the effectiveness of the information technology (IT) and cybersecurity controls, with potential significant impact on financial reporting, justify this as a key audit matter of our audit.</p>	<p>Our approach included the following procedures:</p> <ul style="list-style-type: none"> <li>▶ Understanding and evaluating the process for the migration to the Group's new financial information system, including the strategic migration plans per legal entity, its governance model, the test strategy and plan, the implementation and monitoring phases, having for this purpose met with Galp's project area, a team created specifically for the implementation and monitoring of the new information system;</li> <li>▶ Understanding the changes in internal processes and in the system automatic routines, with impact in the valuation of Group's assets and liabilities, and in the Information Technology general controls, including those related to manage change and access and IT operations processes;</li> <li>▶ Understanding the implementation of Group's cybersecurity function, with the particular focus on assessing the maturity of its key domains and on the process of identifying risks and evaluating the design of controls operated at the Group level;</li> <li>▶ Performing substantive tests, both at the trial balances and auxiliary trial balances, prior and after the implementation of Group's new financial information system, in order to ensure its completeness and accuracy. These tests included performing data reconciliations with the previous system and mapping the financial information to the different items in the consolidated financial statements; and</li> <li>▶ Involvement of specialists in Information Technology with substantial experience in the Group, in the support of the procedures described above.</li> </ul>

## Responsibilities of Management and the supervisory board for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- ▶ the preparation of the Integrated Management report, the Corporate Governance Report and the consolidated non-financial statement, in accordance with the applicable legal and regulatory requirements;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, which measures have been taken to eliminate the threats or which safeguards have been applied.

Our responsibility includes the verification of the consistency of the Integrated Management Report with the consolidated financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code in matters of corporate governance, as well as the verification that the consolidated non-financial statement has been presented.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Integrated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Integrated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

### On the Corporate Governance Report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate Governance report, includes the information required the Group to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of the nº1 of the referred article.

### On non-financial information

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group has prepared a report separate from the Integrated Management Report, which includes the consolidated non-financial information, as provided for in Article 508-G of the Commercial Companies Code, and has been disclosed together with the Integrated Management Report.

### On the Remuneration Report

In compliance with article 26-G, number 6, of the Securities Code, we inform that the Group has included in an autonomous chapter in its Corporate Governance Report the information provided for in number 2 of the referred article.

## On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of the Galp Energia SGPS, S.A. (Group's parent entity) for the first time in the shareholders' general meeting held on 12 April 2019 for a mandate from 2019 to 2022;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and delivered to the supervisory body of the Entity on 25 March 2022; and
- ▶ We declare that we have not provided any prohibited services as described in article 5, of the Regulation (EU) nr. 537/2014, of the European Parliament and of the Council, of 16 April 2014 and we have remained independent of the Entity in conducting the audit.

## European Single Electronic Format (ESEF)

Galp Energia, SGPS, S.A.'s consolidated financial statements for the year ended 31 December 2021 must comply with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (the "ESFS Regulation").

The management body is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the Institute of Statutory Auditors' Technical Application Guide on ESEF reporting and included, among others:

- ▶ Achieving understanding of the financial reporting process, including the presentation of the annual report in valid XHTML format; and
- ▶ Identifying and assessing the risks of material misstatement associated with marking up the consolidated financial statement information in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Group to mark up the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in conformity with the requirements set forth in the ESEF Regulation.

Lisbon, 25 March 2022

Ernst & Young Audit & Associados – SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

(Signed)

Rui Abel Serra Martins - ROC n.º 1119  
Registered with the Portuguese Securities Market Commission under license nr. 20160731

## **2.** Individual Financial Statements



# Statement of financial position

## Galp Energia, SGPS, S.A.

Statement of financial position as of 31 December 2021 and 31 December 2020

(Amounts stated in thousand Euros - €k)			
Assets	Notes	2021	2020
<b>Non-current assets:</b>			
Tangible assets	4	0	0
Right-of-use of assets	6	149	174
Investments in subsidiaries, associates and joint ventures	9	3,097,521	4,018,358
Deferred tax assets	16	180	180
Other Receivables	11	90	90
Other Financial Assets	12	1,352,850	1,872,850
<b>Total non-current assets:</b>		<b>4,450,791</b>	<b>5,891,652</b>
<b>Current assets:</b>			
Trade receivables	11	5,139	989
Other receivables	11	5,389	7,906
Current income tax receivable	16	316,338	156,055
Cash and cash equivalents	13	777,714	10,645
Other financial assets	12	619,145	146,893
<b>Total current assets:</b>		<b>1,723,726</b>	<b>322,487</b>
<b>Total assets:</b>		<b>6,174,517</b>	<b>6,214,139</b>
<b>Equity and Liabilities</b>			
<b>Equity:</b>			
Share capital and share premium	22	911,257	911,257
Reserves	22	193,828	193,828
Retained earnings		691,591	688,755
<b>Total equity:</b>		<b>1,796,676</b>	<b>1,793,839</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Financial debt	14	2,997,267	3,119,373
Lease liabilities	6	93	111
Other payables	15	2,106	2,106
<b>Total non-current liabilities:</b>		<b>2,999,465</b>	<b>3,121,590</b>
<b>Current liabilities:</b>			
Financial debt	14	1,045,219	531,308
Lease liabilities	6	60	65
Trade payables	15	943	1,372
Other payables	15	24,398	599,487
Current income tax payable	16	307,756	166,480
<b>Total current liabilities:</b>		<b>1,378,376</b>	<b>1,298,711</b>
<b>Total liabilities:</b>		<b>4,377,841</b>	<b>4,420,300</b>
<b>Total equity and liabilities:</b>		<b>6,174,517</b>	<b>6,214,139</b>

The accompanying notes form an integral part of the statement of financial position and should be read in conjunction

# Income statement and statement of comprehensive income

## Galp Energia, SGPS, S.A.

Income statement and statement of comprehensive income for the years ended 31 December 2021 and 31 December 2020

	Notes	2021	2020
(Amounts stated in thousand Euros - €k)			
Services rendered	23	8,923	9,680
Other operating income	23	275	283
Financial income	23 and 26	38,709	59,100
Earnings from associates and joint ventures	9	526,892	318,948
<b>Total revenues and income:</b>		<b>574,799</b>	<b>388,010,</b>
External supplies and services	24	(3,932)	(3,956)
Employee costs	24 and 25	(16,541)	(8,653)
Amortisation, depreciation and impairment loss on fixed assets	4, 6 and 24	(66)	(61)
Other operating costs	24	(2,107)	(846)
Financial expenses	26	(58,573)	(30,529)
<b>Total cost and expenses:</b>		<b>(81,219)</b>	<b>(44,044)</b>
<b>Profit before taxes and other contributions:</b>		<b>493,580</b>	<b>343,966</b>
Income tax	16	6,807	(6,539)
<b>Net income for the year</b>		<b>500,387</b>	<b>337,427</b>
<b>Basic and diluted earnings per share (in Euros)</b>		<b>0.60</b>	<b>0.41</b>
<b>Net income for the year</b>		<b>500,387</b>	<b>337,427</b>
<b>Items which will not be recycled in the future through net income:</b>			
Remeasurements – pensions fund	17	0	0
Income taxes related to remeasurements	16	0	0
<b>Comprehensive income for the year</b>		<b>500,387</b>	<b>337,427</b>

The accompanying notes form an integral part of the income statement and the statement of comprehensive income and should be read in conjunction.

# Statement of changes in equity

## Galp Energia, SGPS, S.A.

Statement of changes in equity for the years ended 31 December 2021 and 31 December 2020

	(Amounts stated in thousand Euros - €k)						
	Notes	Share capital	Share premium	Other reserves	Retained earnings	Net income for the year	Total
<b>Balance as of 1 January 2020</b>		<b>829,251</b>	<b>82,006</b>	<b>193,828</b>	<b>132,637</b>	<b>536,915</b>	<b>1,774,637</b>
Net income for the year		0	0	0	0	337,427	337,427
<b>Comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>337,427</b>	<b>337,427</b>
Dividends distributed / interim dividends		0	0	0	(318,225)	0	(318,225)
Increase / decrease of reserves by appropriation of income		0	0	0	536,915	(536,915)	0
<b>Balance as of 31 December 2020</b>		<b>829,251</b>	<b>82,006</b>	<b>193,828</b>	<b>351,328</b>	<b>337,427</b>	<b>1,793,839</b>
<b>Balance as of 1 January 2021</b>		<b>829,251</b>	<b>82,006</b>	<b>193,828</b>	<b>351,328</b>	<b>337,427</b>	<b>1,793,839</b>
Net income for the year		0	0	0	0	500,387	500,387
<b>Comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500,387</b>	<b>500,387</b>
Dividends distributed / interim dividends	<b>22</b>	0	0	0	(497,550)	0	(497,550)
Increase / decrease of reserves by appropriation of income		0	0	0	337,427	(337,427)	0
<b>Balance as of 31 December 2021</b>		<b>829,251</b>	<b>82,006</b>	<b>193,828</b>	<b>191,206</b>	<b>500,387</b>	<b>1,796,676</b>

The accompanying notes form an integral part of the statement of changes in equity and should be read in conjunction.

# Statement of cash flows

## Galp Energia, SGPS, S.A.

Statement of cash flows for the years ended 31 December 2021 and 31 December 2020

	(Amounts stated in thousand Euros - €k)		
	Notes	2021	2020
<b>Operating activities:</b>			
Cash receipt from customers		12,597	13,788
Cash paid to suppliers		(9,863)	(6,232)
Cash paid to employees		(7,431)	(4,921)
Income tax received / (paid)		(12,405)	26
Other (payments) / receipts from operating activities		(6,594)	270
Dividends received	9	526,734	319,180
<b>Cash flow from operating activities (1)</b>		<b>503,038</b>	<b>322,111</b>
<b>Investing activities:</b>			
Cash receipts related to:			
Financial investments		920,837	0
Interests and similar income		35,795	52,875
Loans granted		528,550	43,300
Cash payments related to:			
Financial investments		(500,000)	(717,191)
Loans granted		(807,305)	(396,375)
<b>Cash flow from investing activities (2)</b>		<b>177,877</b>	<b>(1,017,390)</b>
<b>Financing activities:</b>			
Cash receipts related to:			
Loans granted		7,863,838	3,318,392
Cash payments related to:			
Loans granted		(7,226,740)	(2,287,461)
Interests on loans granted		(49,729)	(31,905)
Interests and similar costs		(3,604)	(20,577)
Leases	6	(54)	(57)
Leasing interests	6	(5)	(5)
Dividend paid	22	(497,550)	(318,225)
<b>Cash flow from financing activities (3)</b>		<b>86,156</b>	<b>660,161</b>
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		767,070	(35,118)
Effects of foreign exchange rate changes in cash and cash equivalents		(1,903)	1,228
Cash and cash equivalents at the beginning of the year	13	10,645	44,535
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>775,811</b>	<b>10,645</b>

The accompanying notes form an integral part of the statement of cash flows and should be read in conjunction.

# Notes to the financial statements as of 31 December 2021

## 1. Corporate information

Galp Energia, SGPS, S.A. (hereinafter referred to as “Galp” or “the Company”), was incorporated as a government-owned corporation under Decree-Law 137-A/99 of 22 April 1999, under the name Galp – Petróleos e Gás de Portugal, SGPS, S.A., having adopted its present designation of Galp Energia, SGPS, S.A. on 13 September 2000.

The Company’s Head Office is in Lisbon and its main purpose is the management of other companies having, as of the date of its incorporation, taken control of the Portuguese state’s direct participations in the following companies: Petróleos de Portugal–Petrogal (currently designated by Petrogal, S.A.), S.A.; GDP – Gás de Portugal, SGPS, S.A. (currently designated Galp New Energies, S.A.) and Transgás–Sociedade Portuguesa de Gás Natural, S.A. (“Transgás, S.A.” currently designated Galp Gás Natural, S.A.).

The Company’s corporate purpose is to manage shareholdings of other companies in the energy sector, as an indirect way of carrying out economic activities.

During the previous years the Company shareholders positions suffered several changes and the Company shareholder position as of 31 December 2021 is stated in Note 22.

Part of the Company’s shares, representing 93% of its share capital, are listed on the Euronext Lisbon stock exchange.

## 2. Significant accounting policies, judgments and estimates

### Basis of presentation

The Company’s financial statements were prepared on a going concern basis, at historical cost, except for financial derivative instruments, which are stated at fair value, based on the accounting records of the Company, maintained in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), effective for the year beginning 1 January 2019. These standards include IFRS issued by the International Accounting Standards Board (IASB) and International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and respective interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee (SIC) and International Financial Reporting Interpretation Committee (IFRIC). These standards and interpretations are hereinafter referred to as IFRS.

The Company’s Board of Directors believes that the attached financial statements and the notes to the financial statements ensure an adequate presentation of the financial information.

The attached financial statements are presented in thousands of Euros (units: €k), rounded to the nearest thousand, unless otherwise stated. Therefore, the subtotals and totals of the tables presented in these financial statements and explanatory notes may not be equal to the sum of the amounts presented, due to rounding.

## Notes to the financial statements as of 31 December 2021

The accounting policies adopted are, according to their content, in the respective note in the notes to the financial statements. General accounting policies or those applicable to several notes are disclosed in this note.

### Judgments and estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and expenses recognised each year. The actual results could be different depending on the estimates made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or are very susceptible to changes in these situations; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

The accounting principles and areas which require a greater number of judgment and estimates in the preparation of the financial statements are (i) tangible assets, right-of-use assets and financial investments (Notes 4, 6 and 9), (ii) impairment on receivables (Note 11), (iii) useful lives and residual values of tangible and intangible assets (Note 4), and (iv) deferred tax assets and estimates on uncertain tax positions (Note 16).

### General accounting policies

#### Translation of transactions and balances

Transactions are recorded in the Company's financial statement in its functional currency, at the exchange rates in force on the dates of the transactions.

Gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those prevailing at the date of collection, payment or at the end of the reporting period are recorded as income and expenses, respectively, in the income statement in the same captions where the revenue and expenses associated with these transactions are reflected, except those related to non-monetary values whose change in fair value is recorded directly in equity.

## 3. Impact of the adoption of new or amended international financial reporting standards

### New Standards and interpretations endorsed and published by the European Union

The IFRS standards endorsed and published on the Official Journal of the European Union (OJEU) during the year 2021 and enforceable for accounting purposes in subsequent years are presented in the table below:

IFRS/IFRIC standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
IFRS 17 Insurance Contracts (issued on 18 May 2017); including amendments to IFRS 17 (issued on 25 June 2020)	23/11/2021	01/01/2023	2023	Not applicable
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements cycle 2018-2020 (all issued after 14 May 2021)	02/07/2021	01/01/2022	2022	Without predictable impact

## Notes to the financial statements as of 31 December 2021

The IFRS standards endorsed and published in the OJEU applicable to the year 2021 are presented in the table below:

IFRS/IFRIC standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IFRS 16 Leases: Covid-19-related rent concessions beyond 30 June 2021 (issued on 31 March 2021)	31/08/2021	01/04/2021	2021	Without relevant accounting impacts
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	14/01/2021	01/01/2021	2021	Without relevant accounting impacts
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on 25 June 2020)	16/12/2020	01/01/2021	2021	Not applicable

## 4. Tangible assets

### Accounting policies

#### Recognition

Tangible assets are stated at cost, less accumulated depreciation and cumulative impairment losses. The acquisition cost includes the purchase amount, plus transport and assembly costs, any decommissioning obligations and financial interest incurred during the construction phase. Tangible work-in-progress assets refer to assets under construction and are stated at cost less cumulative impairment losses. These assets are depreciated as soon as the investment projects are substantially completed or ready for use.

#### Major maintenance and repairs

Repairs and maintenance costs of a current nature are recorded as expenses for the year in which they are incurred. Expenditure on major maintenance or repairs related to the replacement of parts of equipment or other tangible assets are recorded as tangible assets, if the replaced component is identified and

written off, and depreciated at rates corresponding to the residual useful life of the respective main fixed assets.

#### Depreciation

Depreciation is calculated on the considered cost (for acquisitions until 1 January 2004) or the acquisition cost, using the straight-line method, applied from the date on which the assets are available to be used as intended by management. It is used among the most appropriate economic rates, those that allow the reintegration of property, plant and equipment during its estimated useful life, taking into account, in cases where this is applicable, the concession period.

The average annual depreciation rates used are as follow:

Depreciation rates	2021	2020
Administrative equipment	12.5%	12.5%

#### Impairment

Impairment tests are performed at the reporting date and whenever a decline in the asset value is identified. Whenever the carrying amount of an asset exceeds

## Notes to the financial statements as of 31 December 2021

its recoverable amount, an impairment loss is recorded in the income statement, under the caption amortisation, depreciation and impairment loss on fixed assets.

The recoverable amount is the greater of the net selling price and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, less the costs directly attributable to the sale. Value in use corresponds to the present value of the future cash flows generated by the asset during its estimated economic useful life. The recoverable amount is estimated for the asset or cash generating unit to which it belongs. The discount rate used reflects the Weighted Average Cost of Capital (WACC) of the Company.

The period of the estimated cash flows depends on the average useful life of the cash generating unit.

### Accounting estimates and judgments

#### Useful lives and residual values of tangible assets

The calculation of the assets' residual values and useful lives, as well as the depreciation / amortisation method to be applied, are necessary to determine the depreciation and amortisation to be recognised in the Company's income statement for each period. These parameters are set based on management's judgment, being in line with the practices adopted by peers in the industry. Changes in assets' economically useful lives are accounted for on a prospective basis.

	Basic equipment	Transport equipment	Administrative equipment	Other tangible assets	Unit: €k	
					2021	2020
					Total	Total
<b>As at 31 December</b>						
Acquisition cost	34	52	323	1,009	1,417	1,419
Impairment	0	0	0	0	0	0
Accumulated depreciation	(34)	(52)	(323)	(1,009)	(1,417)	(1,419)
<b>Net amount</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
Depreciation and impairment	0	0	0	0	0	(2)
<b>Ending balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Notes to the financial statements as of 31 December 2021

### 5. Intangible assets

Not applicable.

### 6. Right-of-use of assets and lease liabilities

#### Accounting policies

##### Recognition

The Company recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The types of lease payments included in the measurement of the lease liability are as follow:

- Fixed payments, deducted of any incentives received;
- Variable lease payments that are pegged to an index or a rate;

- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Company is reasonably certain to be able to exercise; and
- Payment of penalties for the early termination of a lease, unless the Company is reasonably certain not to terminate it early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

## Notes to the financial statements as of 31 December 2021

### Amortisation

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those used for the tangible assets.

### Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

### Accounting estimates and judgments

#### Useful lives, residual values of intangible assets and discount rates

The calculation of the assets' residual values, the estimation of the useful lives, and the discount rates used are based on the premises of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

#### Impairment of Right-of-use Assets

Identifying impairment indicators, estimating future cash flow and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

The details of right-of-use assets are as follow:

	Unit: €k		
	Vehicles	2021 Total	2020 Total
<b>As at 31 December</b>			
Acquisition cost	261	261	251
Accumulated amortisation	(111)	(111)	(77)
<b>Net amount</b>	<b>149</b>	<b>149</b>	<b>174</b>
<b>Opening balance</b>	<b>174</b>	<b>174</b>	<b>100</b>
Additions	10	10	112
Amortisation	(66)	(66)	(59)
Other adjustments	32	32	19
<b>Ending balance</b>	<b>149</b>	<b>149</b>	<b>174</b>

Lease liabilities are as follow:

	Unit: €k	
	December 2021	December 2020
<b>Maturity analysis – contractual undiscounted cash flow</b>	<b>160</b>	<b>187</b>
Less than one year	65	67
One to five years	95	120
More than five years	0	0
<b>Lease liabilities in the statement of financial position</b>	<b>153</b>	<b>176</b>
Current	60	65
Non-current	93	111

## Notes to the financial statements as of 31 December 2021

The amounts recognised in profit or loss are as follow:

	Unit: €k	
	December 2021	December 2020
	<b>77</b>	<b>99</b>
Interest on lease liabilities	6	5
Expenses related to short term, low value and variable payments of operating leases	71	94

The amounts recognised in the statement of cash flow are as follow:

	Unit: €k	
	December 2021	December 2020
<b>Financing activities</b>	<b>(59)</b>	<b>(62)</b>
Payments relating to leases	(54)	(57)
Payments relating to lease interests	(5)	(5)

## 7. Government grants

Not applicable.

## 8. Goodwill

Not applicable.

## 9. Investments in subsidiaries, associates and joint ventures

### Accounting policies

Investments in subsidiaries and associates are recorded at the acquisition cost net of impairment losses, when applicable.

Dividends received from subsidiaries and associates are recorded in the Income Statement, when assigned. Whenever the recoverable amount determined is less than the carrying value of the financial investment, the Company recognises the respective impairment loss in the same caption.

Investments in subsidiaries, associates, and joint ventures are as follows:

	Country	Interest held	
		2021	2020
<b>Subsidiaries</b>			
Galp Energia, S.A.,	Portugal	100.00%	100.00%
Galp Energia E&P B.V.	The Netherlands	100.00%	100.00%
Galp New Energies, S.A.	Portugal	100.00%	100.00%
Petrogal, S.A.	Portugal	100.00%	100.00%

	Country	Interest held	
		2021	2020
<b>Affiliates</b>			
ISPG - Instituto do Petróleo e do Gás	Portugal	66.67%	66.67%
Adene - Agência para a Energia, S.A.	Portugal	10.98%	10.98%
Omegas-Soc. D'etuded du Gazoduc Magrheb-Europe	Morocco	0.00%	0.00%
OEINERGE - Agência Municipal de Energia e Ambiente	Portugal	1.45%	1.45%
Galp Eswatini (PTY), Ltd	Eswatini	0.01%	0.01%

## Notes to the financial statements as of 31 December 2021

	Unit: €k					
	Financial investments			Gain/(losses) related to financial investments		
	Acquisition cost	Impairment	Net amount	Dividends	Other	Total
<b>Investment in subsidiaries</b>	<b>3,097,521</b>	<b>0</b>	<b>3,097,521</b>	<b>526,892</b>	<b>0</b>	<b>526,892</b>
<b>Subsidiaries:</b>						
Petrogal, S.A.	1,803,556	0	1,803,556	0	0	0
Galp Energia E&P, B.V.	809,046	0	809,046	226,409	0	226,409
Galp New Energies, SA	441,765	0	441,765	300,483	0	300,483
Galp Energia, S.A.	43,154	0	43,154	0	0	0

For comparative information please refer to the financial statements for the year ended 31 December 2020.

The difference of €158 k as of 31 December 2021, between the amount of dividends recorded in the income statement and the amount received in the statement of cash flows under the heading of dividends received, relates to exchange differences on the dividends received from the subsidiary Galp Energia E & P, B.V. and recorded under the heading "Exchange gains (losses)".

### 10. Inventories

Not applicable.

### 11. Trade and other receivables

#### Accounting policies

Accounts receivable are initially recorded at the transaction value and subsequently measured at amortised cost, less any impairment losses,

recognised as impairment losses on accounts receivable. The amortised cost of these assets does not differ from their nominal value or their fair value.

Trade and other receivables are derecognised when the contractual rights to the cash flow expire (i.e., they are collected), when they are transferred (e.g., sold) or when they are impaired.

#### Accounting estimates and judgments

##### Impairment of accounts receivable

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Trade receivables were grouped by business segment for the purposes of the assessment of expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the client's credit risk profile. The credit risk analysis is based on the annual default probability and considers the loss in the event of default. The default probability

## Notes to the financial statements as of 31 December 2021

represents an annual probability of default, reflecting the current and projected information and taking into account macroeconomic factors, whereas the loss in the event of default represents the expected loss when a default occurs.

Accounts receivable are adjusted for management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

### Credit Risk

For Credit Risk purposes, if wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Credit Risk assessment considers the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Wholesale customers' compliance with credit limits is regularly monitored by Management.

Sales to retail customers are required to be settled in cash or using major credit cards, thus mitigating the credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For further credit risk mitigation measures, guarantees and insurance policies for eventual credit defaults are a standard part of Galp's overall risk policy.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

### Trade receivables

Trade receivables as of 31 December 2021 and 2020 is detailed as follows:

	Unit: €k	
	2021	2020
	<b>5,139</b>	<b>989</b>
Trade receivables (Note 28)	5,139	989
<b>Ageing of trade receivables</b>	<b>5,139</b>	<b>989</b>
Not yet due	5,139	978
Overdue between 181 days and 365 days	0	0
Overdue over 365 days	0	12

As mentioned in the policies above, trade receivables are grouped into shared credit risk characteristics and days past due. For the Company the credit risk level of accounts receivable is as follow:

As of 31 December 2021 and 2020, Other receivables details are as follows:

Type	Exposure to risk
Not yet due	Low
Overdue up to 180 days	Medium
Overdue between 181 days and 365 days	High
Overdue over 365 days	Very High

## Notes to the financial statements as of 31 December 2021

	Notes	2021		2020	
		Current	Non-current	Current	Non-current
		<b>5,389</b>	<b>90</b>	<b>7,906</b>	<b>90</b>
<b>State and other public entities</b>		<b>33</b>	<b>0</b>	<b>46</b>	<b>0</b>
<b>Other receivables / other debtors</b>		<b>616</b>	<b>90</b>	<b>493</b>	<b>90</b>
Suppliers' debit balances		26	0	111	0
Advances to suppliers		0	0	0	0
Personnel		297	0	104	0
Other		293	90	278	90
<b>Related parties</b>		<b>61</b>	<b>0</b>	<b>702</b>	<b>0</b>
Other receivables - related parties	28	61	0	702	0
<b>Contract assets</b>		<b>1,836</b>	<b>0</b>	<b>4,581</b>	<b>0</b>
Contract assets		1,836	0	4,581	0
<b>Deferred charges</b>		<b>2,844</b>	<b>0</b>	<b>2,083</b>	<b>0</b>
Other deferred charges		2,844	0	2,083	0
<b>Impairment of other receivables</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 12. Other financial assets

As of 31 December 2021 and 2020, other financial assets details are as follows:

	Note	December 2021		December 2020	
		Current	Non-current	Current	Non-current
		<b>619,145</b>	<b>1,352,850</b>	<b>146,893</b>	<b>1,872,850</b>
Financial assets at fair value through comprehensive income		0	350	0	350
Financial assets not measured at fair value - Loans	28	619,145	1,352,500	146,893	1,872,500

## Notes to the financial statements as of 31 December 2021

### 13. Cash and cash equivalents

#### Accounting policies

The amounts included in cash and cash equivalents correspond to cash values, bank deposits, time deposits and other cash investments with maturities less than three months, and which can be immediately mobilized with a risk of insignificant changes in value.

For the purposes of the statement of cash flow, cash and cash equivalents also include bank overdrafts recorded as loans and overdrafts in the statement of financial position.

As of 31 December 2021 and 2020, cash and cash equivalents details are as follows:

	Notes	2021	2020
		<b>775,811</b>	<b>10,645</b>
Cash and cash equivalents	20	777,714	10,645
Bank overdrafts	14	(1,903)	0

Unit: €k

	Notes	2021		2020	
		Current	Non-Current	Current	Non-Current
		<b>1,045,219</b>	<b>2,997,267</b>	<b>531,308</b>	<b>3,119,373</b>
<b>Bank loans</b>		<b>797,959</b>	<b>824,000</b>	<b>31,308</b>	<b>715,828</b>
Origination Fees		0	0	0	(228)
Loans and commercial paper		796,056	824,000	31,308	716,056
Bank overdrafts	13	1,903	0	0	0
<b>Bonds and notes</b>		<b>247,260</b>	<b>2,173,267</b>	<b>500,000</b>	<b>2,403,545</b>
Origination Fees		(2,740)	(3,318)	0	(9,440)
Bonds and notes		250,000	2,176,585	500,000	2,412,986

Unit: €k

## Notes to the financial statements as of 31 December 2021

Current and non-current loans and bonds, excluding origination fees and bank overdrafts, have the following repayment plan as at 31 December 2021:

Maturity	Unit: €k		
	Total	Loans Current	Non-Current
	<b>4,046,641</b>	<b>1,046,056</b>	<b>3,000,585</b>
2022	1,046,056	1,046,056	0
2023	870,000	0	870,000
2024	696,585	0	696,585
2025	605,000	0	605,000
2026 onwards	829,000	0	829,000

Changes in debt during the period ended 31 December 2021 were as follow:

	Unit: €k					
	Opening balance	Loans obtained	Principal repayment	Changes in overdrafts	Foreign exchange rate differences and others	Ending balance
	<b>3,650,681</b>	<b>6,834,000</b>	<b>(5,151,308)</b>	<b>1,903</b>	<b>17,210</b>	<b>4,042,486</b>
<b>Bank Loans:</b>	<b>747,136</b>	<b>6,834,000</b>	<b>(4,151,308)</b>	<b>1,903</b>	<b>228</b>	<b>1,621,959</b>
Origination fees	(228)	0	0	0	228	0
Loans and commercial papers	747,364	6,834,000	(4,151,308)	0	0	1,620,056
Bank overdrafts	0	0	0	1,903	0	1,903
<b>Bond and Notes:</b>	<b>2,903,545</b>	<b>0</b>	<b>(500,000)</b>	<b>0</b>	<b>16,981</b>	<b>2,420,527</b>
Origination fees	(9,440)	0	0	0	3,382	(6,058)
Bonds	1,412,986	0	0	0	13,599	1,426,585
Notes	1,500,000	0	(500,000)	0	0	1,000,000

The average cost of financial debt for the period on analysis, including charges on bank overdrafts, amounted to 1.75% (1.66% in 2020).



## Notes to the financial statements as of 31 December 2021

During the period ended at 31 December 2021, the entity reimbursed the following Note:

Unit: €k				
Issuance	Amount due	Interest rate	Maturity	Reimbursement
	<b>500,000</b>			
Galp 3.00% 01.2021	500,000	Fixed rate 3.00%	JAN'21	JAN'21

## 15. Trade payables and other payables

### Accounting policies

Trade payables and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually, the amortised cost does not differ from the nominal value.

As of 31 December 2021 and 2020, trade payables and other payables, current and non-current, details are as follows:

Unit: €k					
	Notes	2021		2020	
		Current	Non-current	Current	Non-current
<b>Trade payables</b>		<b>943</b>	<b>0</b>	<b>1,372</b>	<b>0</b>
Trade payables - current account		68	0	618	0
Trade payables - pending invoices		232	0	374	0
Trade payables - related parties	28	642	0	379	0
<b>Other payables / other creditors</b>		<b>24,398</b>	<b>2,106</b>	<b>599,487</b>	<b>2,106</b>
<b>State and other public entities</b>		<b>1,592</b>	<b>0</b>	<b>627</b>	<b>0</b>
VAT Payables		340	0	336	0
Other taxes		1,252	0	291	0
<b>Other payables / other creditors</b>		<b>320</b>	<b>0</b>	<b>152</b>	<b>0</b>
Trade receivables credit balances		0	0	2	0
Personnel		319	0	125	0
Other		1	0	25	0
<b>Related parties</b>		<b>0</b>	<b>0</b>	<b>565,789</b>	<b>0</b>
Loans	28	0	0	65,787	0
Other payables/other creditors	28	0	0	500,002	0
<b>Accrued costs</b>		<b>22,352</b>	<b>2,106</b>	<b>32,701</b>	<b>2,106</b>
External suppliers and services		129	0	1,714	0

## Notes to the financial statements as of 31 December 2021

	Notes	Unit: €k			
		2021		2020	
		Current	Non-current	Current	Non-current
Remuneration to be paid		3,412	2,106	989	2,106
Accrued interest		18,610	0	29,787	0
Other accrued costs		202	0	211	0
<b>Deferred income</b>		<b>134</b>	<b>0</b>	<b>218</b>	<b>0</b>
Other		134	0	218	0

## 16. Income Tax

### Accounting policies

The Company and some subsidiaries have been taxed in accordance with the special regime for the taxation of groups of companies ("RETGS"). The Company is subject to Income Tax ("IRC"). Income tax is calculated based on the taxable results of the Company in accordance with the applicable tax rules.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities for accounting purposes and their amounts for tax purposes.

Deferred tax assets and liabilities are calculated and reviewed periodically using the tax rates expected to be in force when the temporary differences revert.

### Accounting estimates and judgments

#### Deferred tax assets

Deferred tax assets are recognised only when there is reasonable assurance that future taxable profits will be available against which the temporary differences can be used, or when there are deferred tax liabilities for which reversal is expected within the same period as that in which the deferred tax assets are reversed. Temporary differences underlying deferred tax assets are reviewed at each reporting date in order to recognise deferred tax assets that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Deferred taxes are recorded in the income statement, except if they result from items recorded directly in equity. In this case the deferred tax is also recorded in equity.

## Notes to the financial statements as of 31 December 2021

		Unit: €k			
		Assets		Liabilities	
	Notes	2021	2020	2021	2020
		<b>316,338</b>	<b>156,055</b>	<b>307,756</b>	<b>166,480</b>
<b>Group companies</b>	<b>28</b>	<b>7,654</b>	<b>0</b>	<b>307,756</b>	<b>166,480</b>
Current income tax receivable / payable		7,654	0	307,756	166,480
<b>State and other public entities</b>		<b>308,684</b>	<b>156,055</b>	<b>0</b>	<b>0</b>
Current income tax receivable / payable		308,684	156,055	0	0

Taxes for the years ended 31 December 2021 and 2020 were as follow:

		Unit: €k					
		2021		2020			
		Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
<b>Taxes for the year</b>		<b>(6,807)</b>	<b>0</b>	<b>(6,807)</b>	<b>6,539</b>	<b>0</b>	<b>6,539</b>
Current income tax		(6,848)	0	(6,848)	6,834	0	6,834
Insufficiency / (excess) of income tax estimated		41	0	41	(295)	0	(295)

The effective income tax rate reconciliation as of 31 December 2021 and 2020 is as follows:

		Unit: €k					
		2021	Rate	Income Tax	2020	Rate	Income Tax
<b>Profit before tax:</b>		<b>493,580</b>	<b>21.00%</b>	<b>103,652</b>	<b>343,966</b>	<b>21.00%</b>	<b>72,233</b>
<b>Adjustments to taxable income:</b>							
Dividends received			(22.42%)	(110,647)		(19.47%)	(66,979)
Insufficiency / (excess) of income tax estimated			0.01%	41		(0.09%)	(295)
Autonomous taxation			0.02%	101		0.04%	151
Sur-charge – Regional and State			0.00%	0		0.42%	1,431
Other increases and deductions			0.01%	46		0.00%	(2)
<b>Effective income tax rate and income tax</b>			<b>(1.38%)</b>	<b>(6,807)</b>		<b>1.90%</b>	<b>6,539</b>

## Notes to the financial statements as of 31 December 2021

The movement of deferred tax assets for the period ended on 31 December 2021 was as follows:

	Unit: €k	
	2021	2020
<b>Deferred tax assets</b>	<b>180</b>	<b>180</b>
Other	180	180

### 17. Retirement and other benefit obligations

Not applicable.

### 18. Provisions

Not applicable.

### 19. Derivative financial instruments

Not applicable.

### 20. Financial assets and liabilities

#### Accounting policies

Galp classifies financial assets and liabilities into the following categories:

a) Financial assets at fair value through other comprehensive income;

b) Financial assets and liabilities carried at amortised cost;

c) Financial assets and liabilities at fair value through profit or loss (derivatives).

Management determines the classification of its financial investments on initial recognition, and re-evaluates it at the end of each reporting period if and only if there is a change in the business model. For financial liabilities such changes in classification are not allowed.

#### Recognition and measurement

Purchases and sales of financial instruments are recognised as at the trade date. Investments are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

#### Derecognition of investments

Financial Assets are derecognised from the statement of financial position when the rights to receive cash flow from investments have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

#### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist mainly of equity investments. When these kinds of financial assets are

## Notes to the financial statements as of 31 December 2021

derecognised, the gain or loss will be kept in equity. Dividends received are recognised in profit or loss.

### Financial assets at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets which are held solely for payments of principal and interests (SPPI). If collection is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest rate method, less impairment.

### Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement. The fair value hierarchy has the following levels:

- Level 1 - the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 - the fair value of the assets or liabilities is determined through valuation models based on observable market inputs; and
- Level 3 - the fair value of the assets or liabilities is determined through valuation models, whose main inputs are not observable in the market.

Financial assets at amortised cost comprises trade receivables, other receivables net of impairments.

Financial liabilities at amortised cost are comprised of Trade payables, other payables and other payables - related parties.

Financial assets and liabilities as at 31 December 2021 and 2020 are detailed as follows:

	Notes	2021	2020
Unit: €k			
<b>Financial assets by category</b>		<b>2,757,452</b>	<b>2,037,243</b>
Financial assets at fair value through comprehensive income	12	350	350
Financial assets not measured at fair value	11 and 12	1,982,264	2,028,378
- less deferred costs, guarantees and tax receivable		(2,876)	(2,129)
Cash and cash equivalents	13	777,714	10,645

	Notes	2021	2020
Unit: €k			
<b>Financial liabilities by category</b>		<b>4,068,359</b>	<b>4,252,976</b>
Financial liabilities measured at fair value through profit or loss - Derivatives		0	0
Financial liabilities not measured at fair value	6, 14 and 15	4,070,085	4,253,821
- less deferred income, guarantees and tax payables		(1,726)	(845)

## 21. Financial risk management

The Company is exposed to several market risks inherent to the Company's activities. Detailed information about these risks and impacts on Galp Group is

## Notes to the financial statements as of 31 December 2021

explained in Note 21 of the notes to the Company's consolidated financial statements.

### 22. Capital structure

#### Share capital

The share capital of Galp Energia is comprised of 829,250,635 shares, with a nominal value of 1 Euro each and fully subscribed and paid. Of these, 771,171,121 (93% of the share capital), are traded in the Euronext Lisbon stock exchange. The remaining 58,079,514 shares, representing some 7% of the share capital, are indirectly held by the Portuguese State through Parpública – Participações Públicas, SGPS, S.A. and are not available for trade.

On 31 December 2021 the Company has recorded €82,006 k in equity, referring to share premium. The total of share capital and share premium is €911,257 k.

The Company's shareholder structure as of 31 December 2021 was as follows:

Shareholders	Nr. of shares	% of capital	% voting rights
Amorim Energia B.V.	276,472,161	33.34%	33.34%
Parpública - Participações Públicas, SGPS, S.A.	62,021,340	7.48%	7.48%
Free-float	490,757,134	59.18%	59.18%
Total	829,250,635	100.00%	100.00%

#### Other reserves

In accordance with the Company deeds and Commercial Law ("Código das Sociedades Comerciais - CSC"), the Company must transfer a minimum of 5% of

its annual net profit to a legal reserve until the reserve reaches 20% of share capital. The legal reserve cannot be distributed to the shareholders but may, in certain circumstances, be used to increase capital or to absorb losses after all the other reserves have been considered.

As of 31 December 2021 and 2020, Other reserves details are as follows:

	Unit: €k	
	2021	2020
	<b>193,828</b>	<b>193,828</b>
Legal reserves	165,850	165,850
Available reserves	27,977	27,977

On 31 December 2021 and 2020, the legal reserve is fully provided for in accordance with the commercial legislation.

#### Dividends

In accordance with the resolution of the General Shareholders' Meeting held on 23 April 2021, the shareholders of Galp Energia, SGPS, SA were assigned dividends in the amount of €290,238 k, relating to the distribution of net income for the year of 2020, corresponding to a dividend of €0.35 per share. This amount was paid to the shareholders on 21 May 2021.

Additionally, on 20 August 2021, the Board of Directors of Galp Energia, SGPS, S.A. approved the payment of dividends, as an advance on profits, of €0.25 per share, amounting €207,313 k, and paid to the shareholders on 16 September 2021.

## Notes to the financial statements as of 31 December 2021

### 23. Revenue and Income

#### Accounting policies

Revenue is recognised in the income statement when Galp has satisfied a performance obligation by transferring the promised products or services to the customer. The product is transferred when the customer obtains control of the same. Sales are measured at the fair value of the consideration received or receivable. Sales are recognised net of taxes except for tax on petroleum products, discounts and rebates. Cost and income are recorded at the period they occurred, regardless of the date of payment or receipt. Costs and income whose actual value is not known are estimated.

The "Other receivables" and "Other payables" captions include the income and costs from the current period for which the financial receipt or disbursement will only occur in future periods, as well as financial receipts or disbursements that have already occurred, relating to future periods, and that will be charged to the income statement in the respective periods.

Exchange differences arising from supplier and customer balances are recognised in operating results.

Revenue and income for the years ended 31 December 2021 and 2020 were as follows:

	Notes	2021	2020
		<b>574,799</b>	<b>388,010</b>
<b>Services rendered</b>		<b>8,923</b>	<b>9,680</b>
<b>Other operating income</b>		<b>275</b>	<b>283</b>

Unit: €k

	Notes	2021	2020
Supplementary income		269	283
Other		5	0
<b>Earnings from associates and joint ventures</b>	<b>9</b>	<b>526,892</b>	<b>318,948</b>
<b>Financial income</b>	<b>26</b>	<b>38,709</b>	<b>59,100</b>

Unit: €k

### 24. Costs and Expenses

The costs and expenses for the years ended 31 December 2021 and 2020 were as follow:

	Notes	2021	2020
<b>Total costs:</b>		<b>81,219</b>	<b>44,044</b>
<b>External suppliers and services:</b>		<b>3,932</b>	<b>3,956</b>
Other specialized services		2,312	1,917
Travel and accommodation		155	293
Other costs		1,466	1,747
<b>Employee costs:</b>	<b>25</b>	<b>16,541</b>	<b>8,653</b>
<b>Amortisation, depreciation and impairment losses on fixed assets</b>	<b>4 and 6</b>	<b>66</b>	<b>61</b>
<b>Other costs:</b>		<b>2,107</b>	<b>846</b>
Other taxes		1,755	553
Other operating costs		351	293
<b>Financial costs</b>	<b>26</b>	<b>58,573</b>	<b>30,529</b>

Unit: €k

## Notes to the financial statements as of 31 December 2021

### 25. Employee costs

#### Accounting policies

##### Employee costs

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the respective services are rendered by Galp's employees.

During the year ended on 31 December 2021 and 2020, the employee costs were as follows:

	Notes	2021	2020
		Unit: €k	
<b>Total employee costs for the year</b>		<b>16,541</b>	<b>8,653</b>
Salaries of the Company's corporate bodies members		6,733	6,558
Employee salaries		841	798
Social charges - corporate bodies members		1,127	1,115
Social charges - employees		70	9
Other insurance		106	116
Other costs		7,664	56
<b>Remuneration of the Company's corporate bodies members</b>		<b>6,603</b>	<b>6,558</b>
Salaries		5,577	5,179
Cash bonuses		650	897
Allowances		376	482
<b>Other charges and adjustments</b>		<b>1,127</b>	<b>1,115</b>

### 26. Financial income and expenses

#### Accounting policies

Financial income and expenses include interest on external loans, related party loans, leasing and retirement and other benefit plans. Other financial income and expenses from other financial assets or liabilities are not included in this caption.

The financial charges on loans obtained are recorded as financial expenses on an accrual's basis.

Financial charges arising from general and specific loans obtained to finance investments in fixed assets are assigned to tangible and intangible assets in progress, in proportion to the total expenses incurred on those investments net of investment government grants, until the commencement of its operations. The remainder is recognised under the heading of financial expenses in the income statement for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalized.

Those financial charges included within fixed assets are depreciated over the useful lives of the respective assets.



## Notes to the financial statements as of 31 December 2021

	Notes	Unit: €k	
		2021	2020
		<b>(19,864)</b>	<b>28,571</b>
<b>Financial income</b>		<b>38,709</b>	<b>59,100</b>
Interest on bank deposits			
Interest and other income with related companies	28	38,709	59,100
<b>Financial expenses:</b>		<b>(58,573)</b>	<b>(30,529)</b>
Interest on bank loans, overdrafts and others		(37,810)	(45,291)
Interest on related party loans	28	(532)	(1,575)
Interest on lease liabilities	6	(6)	(5)
Net exchange gains/(losses)		(15,678)	18,622
Other financial costs		(4,547)	(2,280)

## 27. Contingent assets and contingent liabilities

### Accounting policies

Contingent assets and contingent liabilities arise from unplanned or unexpected events that may cause economic inflows or outflows of the Company. The Company does not reflect these assets and liabilities on the financial statements as they may not become effective. Contingent assets and contingent liabilities are disclosed in the notes to the financial statements.

As part of its ongoing business operations, the Company has entered into agreements where commitments have been given for commercial, regulatory or other operational purposes. As of 31 December 2021 and 2020 obligations subject to collaterals granted are as follows:

	Unit: €k	
	2021	2020
<b>Total of guarantees provided</b>	<b>3,709,814</b>	<b>3,348,942</b>
Venture Global, LLC	1,765,848	1,629,859
Charter Agreement FPSO	1,282,889	1,184,093
Coral South FLNG project	427,260	302,943
Cercena Investments, S.L.U.	178,259	178,259
Direção Geral Impostos/Direção Geral do Tesouro (Government entities)	35,686	35,686
Oil Insurance Limited	17,747	11,087
REN - Rede Elétrica Nacional	1,650	1,650
Governments of Rep. Dem. de Timor-Leste, São Tomé e Príncipe and Namibia	0	4,890
Tax authorities	473	473
APL - Administração Porto de Lisboa	3	3

Under the contract established in April 2018, with Venture Global LLC related to the LNG Sales and Purchase Agreement, Galp provided a guarantee in the total amount of the contract (USD 2 bn).

Related to the four charter agreements for FPSOs, Galp provided a guarantee in the amount of USD 1,282,889 k, in the name of Tupi, B.V., which represents Galp's proportion of the BM-S-11 consortium.

Under the financing of the Coral South FLNG project, Galp Energia SGPS S.A. shall provide a guarantee, the Debt Service Undertaking (DSU) agreement, on the total outstanding amount at each moment in proportion to its participation. This guarantee expires at the time of the Actual Completion Date (estimated for the year 2024) if no obligations are outstanding under the DSU. As of 31 December 2021, Galp's stake in the obligation amounted to €384,534 k. Also within the scope of this financing, Galp Energia SGPS S.A. provides a guarantee covering 1/9 of the DSU on behalf of ENH Empresa Nacional de Hidrocarbonetos

## Notes to the financial statements as of 31 December 2021

(ENH), one of consortium members of the Coral South FLNG project, which corresponds to Galp's share of the consortium, excluding ENH. As of 31 December 2021, Galp's stake in the responsibility taken on in relation to ENH amounted to €42,726 k.

To fulfil Galp's strategy of investing in renewable energy sources, the Group has entered into a Power Purchase Agreement with Cercena Investments, for which Galp has provided comfort letter on behalf of Galp Energia España, in the amount of €178,259 k.

## 28. Related party transactions

### Accounting policies

A related party is a person or entity that is related to the entity preparing its financial statements, as follows:

(a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key

management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) Both entities are joint ventures of the same third party; (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity; (v) The entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (vi) The entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The balances and transactions with related parties as of 31 December 2021 are detailed as follows:

	Total	Trade receivables (Note 11)	Loans granted (Note 12)	Other receivables (Note 11)	Current income tax (Note 16)	Accruals and deferrals
						Unit: €k
						Current
<b>Assets:</b>	<b>641,413</b>	<b>5,139</b>	<b>619,145</b>	<b>61</b>	<b>15,232</b>	<b>1,836</b>
Group companies	641,412	5,139	619,145	60	15,232	1,836
Joint ventures and associates	1	0	0	1	0	0

For comparative information, please refer to the financial statements for the year ended 31 December 2020

## Notes to the financial statements as of 31 December 2021

	Total	Trade payables (Note 15)	Loans obtained (Note 15)	Other payables (Note 15)	Current income tax (Note 16)	Accruals and deferrals
<b>Liabilities:</b>	<b>308,653</b>	<b>642</b>	<b>0</b>	<b>3</b>	<b>307,756</b>	<b>252</b>
Group companies	308,647	642	0	0	307,756	249
Joint ventures and associates	1	0	0	1	0	0
Other related parties	5	0	0	2	0	3

For comparative information, please refer to the financial statements for the year ended 31 December 2020.

	Operating expenses	Operating income	Financial expenses (Note 26)	Financial income (Note 26)
<b>Transactions:</b>	<b>(681)</b>	<b>8,923</b>	<b>(532)</b>	<b>38,709</b>
Group companies	(209)	8,923	(532)	38,709
Other related parties	(473)	0	0	0

For comparative information, please refer to the financial statements for the year ended 31 December 2020.

## 29. Information regarding environmental matters

Not applicable.

## 30. Subsequent events

Events occurring after the date of the financial statements and which provide indications of conditions that exist after the date of the financial statements, if material, are disclosed in the Notes to the consolidated financial statements.

On 24 February 2022, Russia launched an invasion of Ukraine. Following this event, several countries imposed sanctions to Russia and supported financial and humanitarian aid to Ukraine and its refugees. Many foreign entities decided to leave or avoid commercial relationships with Russia. On 2 March, Galp announced its intention to suspend all commercial relationships with Russia or Russian companies. Although Galp has no subsidiaries, joint ventures or joint operations, or any other financial interests in Russian entities, Galp is in the process of eliminating any direct or indirect exposure to energy commodities either sourced in Russia or from Russian companies. Although this measure will impact Sines refining operations and its likely financial contribution, Galp will continue to ensure the supply of gas and fuels to the Portuguese market.

## Notes to the financial statements as of 31 December 2021

The above mentioned is not expected to have a significant impact on group's Consolidated Financial Statements as of 31 December 2021 however the future potential effects of this situation cannot be estimated at the moment.

### 31. Approval of the financial statements

The financial statements were approved by the Board of Directors on 25 March 2022.

### 32. Explanation regarding translation

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

## Notes to the financial statements as of 31 December 2021

### Board of Directors:

#### Chairperson:

Paula Amorim

#### Vice-chair and Lead Independent Director:

Miguel Athayde Marques

#### Vice-chair and CEO:

Andy Brown

#### Members:

Filipe Silva

Thore Kristiansen

Teresa Abecasis

Georgios Papadimitriou

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Javier Cavada Camino

#### Accountant:

Paula de Freitas Gazul



Ernst & Young  
Audit & Associados - SROC, S.A.  
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Portugal

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((Translation from the original document in the Portuguese language.

In case of doubt, the Portuguese version prevails)

## Statutory and Auditor's Report

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying financial statements of Galp Energia SGPS S.A. (the Entity), which comprise the Statement of financial position as at 31 December 2021 (showing a total of 6,174,517 thousands of euros and a total equity of 1,796,676 thousands of euros, including a net profit for the year of 500,387 thousands of euros), and the Income statement, the statement of comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Galp Energia SGPS S.A. as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the current year audit are the following:

## 1. Recoverability of Financial investments in subsidiaries and associate companies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
<p>As at 31 December 2021, Investments in subsidiaries and associates recognized in the separate financial statements of Galp Energia, SGPS, S.A. amounts to 3,097,521 thousand of euros.</p> <p>Investments in subsidiaries and associates are recorded at the acquisition cost net of impairment losses, being the impairment risk evaluated at the balance sheet date, to detect the existence of indicators of possible impairment losses.</p> <p>If indicators have been identified, the carrying amount of the asset is tested using a discounted cash flow model. Inputs for the value in use calculation are based on past performance and on the expectation of economic and market developments for each of the investments, based on cash flow projections, discount rates and growth rates in the perpetuity.</p> <p>The risk of impairment of investments in subsidiaries and associates was considered a Key Audit Mater due to the significance of the carrying amount in the total assets, as well as the inherent complexity and judgment of the model adopted for the impairment assessment.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>▶ We assessed the existence of impairment indicators in the valuation of investments in subsidiaries and associates, based on internal and external sources of information that could translate into potential negative impacts for the performance of each of the subsidiaries and associates;</li> <li>▶ We compared the shareholders' equity of subsidiaries and associates and the value in use calculated according to the valuation models prepared by management, with its carrying amount;</li> <li>▶ We obtained and analyzed, when applicable, the impairment tests prepared by management for to the most significant Investments in Subsidiaries and Associates, including its consistency with the business plans approved by the Board of Directors of Galp Energia SGPS, S.A.;</li> <li>▶ We analyzed, with the support of specialists in economic models, the assumptions and methodologies used by management, namely the model used for testing, the discount rates and the growth rates in perpetuity;</li> <li>▶ We validated the mathematical accuracy of the models used; and</li> <li>▶ We evaluated the reasonability of the amounts related to impairment losses recognized by the Entity in relation its investments in Subsidiaries and Associates.</li> </ul> <p>Additionally, we have verified the appropriateness of the applicable disclosures (IAS 27 and IAS 36), included in notes 2 and 9 of the financial statements.</p>

## Responsibilities of management and the supervisory board for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union;
- ▶ the preparation of the Integrated Management report and the Corporate Governance Report, in accordance with the applicable legal and regulatory requirements;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- ▶ from the matters communicated with those charged with governance, including the supervisory body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- ▶ we also provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, which measures have been taken to eliminate the threats or which safeguards have been applied.

Our responsibility includes the verification of the consistency of the Integrated Management Report with the financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code in matters of corporate governance.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Integrated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Integrated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, taking into consideration our knowledge and the assessment over the Entity, we have not identified any material misstatement.

### On the Corporate Governance Report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate Governance Report, includes the information required the Entity to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of the nº1 of the referred article.

On additional items set out in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- ▶ We were appointed as auditors of the Entity for the first time in the shareholders' general meeting held on 12 April 2019 for the mandate from 2019 to 2022;
- ▶ Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with the ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement to the financial statements due to fraud;
- ▶ We confirm that our audit opinion is consistent with the additional report that we have prepared and shared with the supervisory body of the Entity on 25 March 2022; and
- ▶ We declare that we have not provided any prohibited services as described in article 5, of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Entity in conducting the audit.

Lisbon, 25 March 2022

Ernst & Young Audit & Associados –SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

(Signed)

Rui Abel Serra Martins - ROC n.º 1119  
Registered with the Portuguese Securities Market Commission under license nr. 20160731

# 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 those 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.



REGENERATING

THE FUTURE

# 1. Consolidated non-financial information

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

## Part I – Information on adopted policies

### A. Introduction

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

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

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

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

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

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

- Rules pertaining to the reporting of non-financial information introduced by Decree-Law No. 89/2017 of 28 July (this appendix);
- the Value Reporting Foundation (VRF) guidelines for integrated reporting;
- the Global Reporting Initiative (GRI) guidelines, GRI Standards version 2021, in the "–In Reference" option, including the new Oil & Gas sector supplement guidelines (GRI 11) relating to the sustainability report;
- the Sustainability Accounting Standards Board (SASB) for Oil and Gas (Exploration & Production, Midstream and Refining and Marketing Standards);

## Consolidated non-financial information

### Part I – Information on adopted policies

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

Galp's material aspects are all those that can significantly interfere with the ability to generate value for the Company and its stakeholders. Its identification is a continuous, robust and mature process at Galp, which guides the Company in understanding the main challenges and opportunities it faces, ensuring strategic alignment and communication with the most important aspects. Galp's non-financial information is publicly presented, and subject to third-party verification, in the company's annual integrated report, on the company's website and other relevant communication media, as is the case of the document 2021 Non-financial Information - GRI Standards.

### B. Business model

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

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

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

For more information, see Part III of this report – Integrated Management Report – “Notes to the consolidated financial statements of 31 December 2021” and the Galp website <https://www.galp.com/corp/en/about-us/what-we-do> and <https://www.galp.com/corp/en/about-us/global-presence>

### C. Main risk factors

1. Identification of the main risks associated with the matters subject to reporting and arising from the Company's activities, products, services or business relationships, including, if applicable and whenever possible, supply chains and subcontracting.
2. Indication of how these risks are identified and managed by the Company.

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

## Consolidated non-financial information

### Part I – Information on adopted policies

3. Explanation of the internal functional division of competencies, including corporate bodies, committees, commissions or departments responsible for risk identification and management/monitoring.
4. Express indication of the new risks identified by the Company compared to what was reported in previous years, as well as the risks that ceased to be.
5. Indication and brief description of the main opportunities that are identified by the Company in the context of the matters subject to reporting.

### E. Implemented policies

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

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

#### Health, Safety and Environmental Policy

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

#### Specific Health, Safety and Environmental Requirements

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

#### Climate Change Policy

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

## Consolidated non-financial information

### Part I – Information on adopted policies

#### Code of Ethics and Conduct

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

#### Human Rights Policy

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

#### Corporate Social Responsibility Policy

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

#### Discrimination and Harassment Prevention Policy

A common goal for all of Galp's employees involves providing a safe work environment, free from discrimination and harassment. This policy fosters such behaviour, by requiring employees to act according to ethical principles, display respectful and diversity-friendly behaviour, and actively detect and report all forms of harassment at Galp's organization.

#### Tax Policy

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

#### Community Investment Policy

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

#### 2021 Equality Plan

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

#### 2022 Equality Plan

Galp, in its 2022 Equality Plan, is dedicated to the goals, measures and practices implemented in 2021 and to implementing gender equality in 2022. This Plan is updated annually.



## Consolidated non-financial information

### Part I – Information on adopted policies

#### Diversity Policy in Administration and Audit Bodies

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

#### Corruption Prevention Policy

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

#### Prevention of Corruption Standard

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

#### Policy for the Prevention of Money Laundering and Terrorist Financing

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

#### Prevention of Money Laundering and Terrorist Financing Standard

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

#### Key Indicators and Results

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

- 1.2. Value Creation Model
- 1.4. Contribution to Sustainable Development Goals

## Consolidated non-financial information

### Part I – Information on adopted policies

- 5. The Journey to a Sustainable Future

#### Environmental policies

1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.

Galp provides, in its strategic plan, a set of environmental and climatic strategic goals. In 2021, Galp defined new long-term goals to reduce carbon emissions and strengthen the pathway towards decarbonisation by 2030 that consist of: reducing by 40% absolute emissions from operations (scope 1 and 2), reducing by 40% the production intensity (scope 1, 2 and 3), and reducing by 20% all downstream sales carbon intensity (scope 1, 2 and 3). These goals are part of Galp's ambition to reach Net Zero Emissions by 2050 (scope 1, 2 and 3). Note: All reductions refer to 2017 as a reference year.

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

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

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

2. Description of the main defined performance indicators.

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

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

Available through the Sustainability Channel of the Galp [website](#) is the document "2021 Non-Financial Information - GRI Standards", which consists of the main environmental performance indicators and the [Interactive Indicators](#).

#### EU Taxonomy

##### 1. Context

The Taxonomy Regulation establishes a classification system to identify economic activities considered environmentally sustainable.

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.

This first report of Galp Taxonomy eligibility has been conducted based on the Taxonomy Regulation (EU) 2020/852, the Climate Delegated Act (Annex I and II), the Art. 8 Delegated Act as well as Galp's current interpretation about EU Taxonomy regulation.

Additionally, other published documents such as the "Platform considerations on voluntary information as of December 2021" and the European Commission's FAQ of January and February 2022 were also considered.

According to Art. 10 of Art. 8 Delegated Act, from 1 January 2022 until 31 December 2022, i.e., for the reporting period 2021, Galp is only required to disclose the proportion of Taxonomy-eligible and the proportion of Taxonomy non-eligible economic activities in their total turnover, capital and operating expenditure.

## Consolidated non-financial information

### Part I – Information on adopted policies

#### 2. Eligibility Assessment

The methodological approach adopted to Taxonomy implementation included a detailed analysis of the Group's activities along the entire value chain, and exclusively considering the criteria established in the delegated acts of the European taxonomy concerning the objectives of climate change mitigation and adaptation.

Galp has examined all Taxonomy-eligible economic activities based on its activities and assigned them in accordance with Annex I and II of the Climate Delegated Act. The table below shows the list of Galp's eligible activities:

Eligible economic activity	Climate change mitigation
4.1 Electricity generation using solar photovoltaic technology	✓
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	✓
5.3 Construction, extension and operation of waste water collection and treatment	✓
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	✓
6.15 Infrastructure enabling low-carbon road transport and public transport	✓
7.3 Installation, maintenance and repair of energy efficiency equipment	✓
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	✓
9.3 Professional services related to energy performance of buildings	✓

#### 3. KPIs Disclosures

##### 3.1 Main KPI's

For the reporting period 2021, the proportion of Turnover, CapEx and OpEx considered eligible under EU Taxonomy are:

	Proportion of Taxonomy-eligible economic activities (in %)	Proportion of Taxonomy-non-eligible economic activities (in %)
Turnover	0.07 %	99.93 %
Capital expenditure (CapEx)	10.54 %	89.46 %
Operating expenditure (OpEx)	0.31 %	99.69 %

## Consolidated non-financial information

### Part I – Information on adopted policies

#### Eligible Turnover KPI

In calculating the proportion of eligible turnover, Galp includes revenue from goods and services related to electric mobility and renewable photovoltaic energy.

The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2021 until 31 December 2021. The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1, presented in further detail in Note 24 of the consolidated financial statements.

#### Eligible CapEx KPI

The Taxonomy-eligible CapEx consists mostly of investments related to biofuels, electric mobility, energetic efficiency projects and renewable photovoltaic energy.

The CapEx KPI is defined as Taxonomy-eligible CapEx (numerator) divided by the total CapEx. The denominator covers additions to tangible, intangible assets and right-of-use during 2021, as presented in Notes 5, 6 and 7 of the consolidated financial statements, considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator also covers additions to tangible and intangible assets resulting from business combinations.

Concerning the numerator, the CapEx equals the part of the capital expenditure included in the denominator that is classified as Taxonomy-eligible economic activities.

#### Eligible OpEx KPI

The Taxonomy-eligible OpEx refers to electric mobility and renewable photovoltaic energy.

The OpEx KPI is defined as Taxonomy-eligible OpEx (numerator) divided by the total OpEx (denominator). The denominator covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Concerning the numerator, the OpEx equals the part of the operating expenditure included in the denominator that is classified as Taxonomy-eligible economic activities.

Further information about Turnover, CapEx and OpEx KPI definition can be found in Annex I of Art. 8 Delegated Act.

#### 3.2 Additional KPI's

Additionally, Galp calculated the proportion of Turnover, CapEx and OpEx including renewables non-consolidated business, which is considered eligible under the EU Taxonomy, but due to consolidation criteria is excluded. The eligible activities include in Galp renewable business are:

- 4.1 Electricity generation using solar photovoltaic technology
- 4.3 Electricity generation from wind power

## Consolidated non-financial information

### Part I – Information on adopted policies

This additional information aims to demonstrate our ambition and commitment to a more environmentally sustainable future. The proportion of Turnover, CapEx and OpEx considering these additional eligible activities are:

- 19% of CapEx
- 1% of Turnover
- 5% of OpEx

#### 4. Voluntary Disclosures

In addition to mandatory disclosure and additional KPIs, Galp considers it relevant to report the investment in other activities that, so far, are not eligible under the regulation but may contribute significantly to mitigate climate change such as the investments in the battery value chain, cogenerations and CO<sub>2</sub> emissions reduction projects in the Refinery (mainly energy efficiency).

Although the lithium conversion activity is not considered eligible, it represents an essential activity in the value chain of battery manufactory, which is a taxonomy eligible activity. Galp believes that lithium-ion batteries will play a major role worldwide in the transition towards a lower carbon future.

According to the recently published draft complementary delegated act, the electricity generation and high efficiency co-generation of heat/cold and power from fossil gaseous fuels may also be considered eligible activities from 2022 onwards. In line with the position of the European Commission, Galp believes that the cogeneration from natural gas will allow to accelerate the shift towards a climate-neutral future, mostly based on renewable energy sources.

Finally, Galp implements several projects to reduce refining CO<sub>2</sub> emissions, although it is an investment in activities that are not green or eligible, Galp considers that it represents an important contribution to climate change mitigation.

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

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

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

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

### Social and tax policies

1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.

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

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

- 1.4. Contribution to Sustainable Development Goals
- 5.2 Transformation with responsibility

## Consolidated non-financial information

### Part I – Information on adopted policies

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

See also:

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

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

#### 2. Description of the main defined performance indicators.

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

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

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

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

Available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/en/sustainability/reporting/documents> is the document "2021 Non-Financial Information - GRI Standards", which contains the key social performance indicators and the [Interactive Indicators](#).

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

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

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

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

### Employees and gender equality and non-discrimination

#### 1. Description of the Company's strategic goals and the main actions to be undertaken for their implementation.

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

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

- 5.2 Transformation with responsibility

## Consolidated non-financial information

### Part I – Information on adopted policies

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

Available through the Sustainability Channel of the Galp website <https://www.galp.com/corp/en/sustainability/reporting/documents> is the document “Objectives and Goals”, which contains Galp’s main commitments and goals in Social matters, and the [2022 Equality Plan](#).

#### 2. Description of the main defined performance indicators.

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

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

The document “2021 Non-Financial Information - GRI Standards”, which contains the main social performance indicators and the [Interactive Indicators](#) is available through the Sustainability Channel.

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

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

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

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

The document “Objectives and Goals” is available at the Sustainability Channel and contains Galp’s main commitments and goals in Social matters, and the [2022 Equality Plan](#), which includes the measures implemented in 2021.

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

### Human rights

#### 1. Description of the Company’s strategic goals and the main actions to be undertaken for their implementation.

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

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

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

- 5.2 Transformation with responsibility
- 5.6 Developing a conscious business

## Consolidated non-financial information

### Part I – Information on adopted policies

	<p>The document “Objectives and Goals”, which contains Galp’s main commitments and goals in Social matters is available through the Sustainability Channel of the Galp website <a href="https://www.galp.com/corp/en/sustainability/reporting/documents">https://www.galp.com/corp/en/sustainability/reporting/documents</a></p> <p>Galp’s commitments on human rights are available through the Corporate Governance Channel at the Galp website <a href="http://galp.com/corp/en/corporate-governance/ethics-and-conduct/human-rights">galp.com/corp/en/corporate-governance/ethics-and-conduct/human-rights</a></p>
2. Description of the main defined performance indicators.	<p>See the following sections of Part I of this report - Integrated Management Report:</p> <ul style="list-style-type: none"> <li>• 1.4. Contribution to Sustainable Development Goals</li> <li>• 5.6 Developing a conscious business</li> </ul>
3. Indication, compared to the previous year, of the degree of achievement of those goals	<p>Refer to section 5.6 Developing a conscious business, of Part I of this report – Integrated Management Report.</p> <p>For more information about the human rights assessments performed in 2021 by Galp, please consult the “Operational Human Rights Assessment – Status Report” available on the Galp <a href="#">website</a>.</p>

### Fighting corruption and bribery attempts

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

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

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

In 2021, 308 counterparties were assessed through in-company integrity audit systems.

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

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

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

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



## Consolidated non-financial information

### Part I – Information on adopted policies

Codes of Ethics: indication of any code of ethics to which the Company has adhered or implemented; indication of the respective mechanisms for implementation and compliance monitoring of the same, if applicable.

#### Code of Ethics and Conduct

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

#### Reporting Irregularities Rule – Ethics Line

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

#### Conduct and Ethics Committee

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

#### Regulations of the Ethics and Conduct Committee

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

Information is available in section II of point C) of the 2021 Corporate Governance Report and through the Corporate Governance Channel of the Galp website

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

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

#### Conflict of Interest Management Rule

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

#### Reporting Irregularities Rule – Ethics Line

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

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

## 2. Supplementary oil and gas information (not audited)

### Supplementary oil and gas information (unaudited)

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

#### Operating income from E&P activities

Operating income from E&P activities by geography, for the years 2021, 2020 and 2019 are as follows:

	Africa	Latin America	Rest of the World	unit: €k Total
<b>31 December 2021</b>				
<b>Consolidated total contributions</b>				
Sales	242 548	2 179 977	-	2 422 526
Production costs	(31 143)	(30 616)	-	(61 759)
Royalties	-	(219 188)	-	(219 188)
Other operating costs	(2 283)	(77 726)	(36)	(80 045)
Exploration costs	(4 609)	(75 732)	(19)	(80 359)
Depreciations, amortisations and provisions for the period	(121 614)	(435 465)	1 110	(555 968)
<b>Operating income before tax for the E&amp;P activities</b>	<b>82 900</b>	<b>1 341 251</b>	<b>1 056</b>	<b>1 425 206</b>
Taxes	(19 768)	(798 520)	(317)	(818 605)
<b>Operating income for the E&amp;P activities</b>	<b>63 131</b>	<b>542 730</b>	<b>739</b>	<b>606 601</b>
<b>31 December 2020</b>				
<b>Consolidated total contributions</b>				
Sales	168 429	1 285 581	-	1 454 010
Production costs	(35 649)	(39 102)	-	(74 751)
Royalties	-	(137 990)	-	(137 990)
Other operating costs	(4 533)	(75 689)	(31)	(80 253)
Exploration costs	(4 784)	(111 718)	(225)	(116 726)

## Supplementary oil and gas information (not audited)

	unit: €k			
	Africa	Latin America	Rest of the World	Total
Depreciations, amortisations and provisions for the period	(146 610)	(451 575)	(4 406)	(602 591)
<b>Operating income before tax for the E&amp;P activities</b>	<b>(23 146)</b>	<b>469 506</b>	<b>(4 661)</b>	<b>441 700</b>
Taxes	(13 115)	(334 704)	1 398	(346 421)
<b>Operating income for the E&amp;P activities</b>	<b>(36 260)</b>	<b>134 802</b>	<b>(3 263)</b>	<b>95 279</b>
<b>31 December 2019</b>				
<b>Consolidated total contributions</b>				
Sales	244 773	1 987 260	-	2 232 033
Production costs	(28 213)	(55 761)	-	(83 974)
Royalties	-	(194 276)	-	(194 276)
Other operating costs	(5 703)	(90 375)	(26)	(96 105)
Exploration costs	(16 601)	(23 701)	-	(40 302)
Depreciations, amortisations and provisions for the period	(239 893)	(338 660)	32	(578 521)
<b>Operating income before tax for the E&amp;P activities</b>	<b>(45 637)</b>	<b>1 284 487</b>	<b>6</b>	<b>1 238 856</b>
Taxes	(19 187)	(783 568)	(2)	(802 757)
<b>Operating income for the E&amp;P activities</b>	<b>(64 825)</b>	<b>500 919</b>	<b>4</b>	<b>436 099</b>

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

Production costs include direct production costs associated with blocks which are currently in production, namely costs relating to the operation and maintenance of wells, equipment related to the support facilities for the extraction of oil and gas operations, collecting system and other general and administrative costs related to production. This caption presents the net of income regarding the leasing of production equipment, registered in companies that are not fully consolidated in the Group. The following deductions were made: €0 in 2021, €22,434k in 2020 and €55,064k in 2019.

Other operating costs include the responsibility for R&D associated with production activities in Brazil, as well as overhead costs pertaining to areas directly related to exploration and production activities. This caption excludes general corporate overhead costs related to Group companies, in accordance with FASB Topic 932, and includes costs recorded in companies that are not fully consolidated in the amount of €3,816 k in 2021, €2,773 k in 2020 and €3,748 k in 2019.

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

## Supplementary oil and gas information (not audited)

licenses, in accordance with the accounting policy described in Note 2.3 Tangible Assets from the notes to the consolidated financial statements.

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

Amortisation, depreciation and provisions for the period include costs recorded in companies that are not fully consolidated and which amounted to €0 k in 2021, €219 k in 2020 and €14,129k in 2019.

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

The caption "Taxes" includes: oil tax payable in Africa, the Special Participation Tax (SPT) applicable to blocks in Brazil, and income tax in accordance with the

applicable tax laws applicable in each country. The amount of taxes have been adjusted to exclude overheads and financial costs that were excluded from operating income.

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

### Capital expenditure in E&P activities

Capital expenditure in E&P activities by geography, for the years 2021, 2020 and 2019 is as follows:

	Africa	Latin America	Rest of the world	Total
unit: €k				
<b>31 December 2021</b>				
<b>Consolidated total contributions</b>				
Acquisitions without proved reserves	-	73 323	-	73 323
Exploration	7 056	(2 373)	118	4 802
Development	112 779	373 035	-	485 814
<b>Total incurred in the period</b>	<b>119 836</b>	<b>443 985</b>	<b>118</b>	<b>563 939</b>
<b>31 December 2020</b>				
<b>Consolidated total contributions</b>				

## Supplementary oil and gas information (not audited)

	Africa	Latin America	Rest of the world	unit: €k Total
Acquisitions without proved reserves	-	-	-	-
Exploration	3 496	25 251	152	28 898
Development	112 892	174 544	-	287 436
<b>Total incurred in the period</b>	<b>116 387</b>	<b>199 795</b>	<b>152</b>	<b>316 334</b>
<b>31 December 2010</b>				
<b>Consolidated total contributions</b>				
Acquisitions without proved reserves	-	76 699	-	76 699
Exploration	1 187	52 373	34	53 593
Development	207 000	249 199	-	456 200
<b>Total incurred in the period</b>	<b>208 187</b>	<b>378 271</b>	<b>34</b>	<b>586 492</b>

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

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

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

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

Investments are stated in the Group's functional currency. For companies where the functional currency is not the Euro, assets were accounted for at the corresponding exchange rate at the end of the year, in accordance with the accounting policy defined in paragraph 2.12 of the Notes to the consolidated financial statements. In 2021, an exchange rate of 1.184 EUR:USD was considered for assets in Africa and Brazil.

Capitalized interests were not included in capital expenditure.

### Cumulative investments in E&P activities

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

## Supplementary oil and gas information (not audited)

Exploration costs are fully capitalised in accordance with Note 2.3 Tangible Assets from the notes to the consolidated financial statements. Dry wells are recognized as costs and included in the table below, as are impairments.

Relinquished blocks are written-off from assets, and consequently, are not included in this information.

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

	Africa	Latin America	Rest of the world	unit: €k Total
<b>31 December 2021</b>				
<b>Consolidated total contributions</b>				
Assets with proved reserves				
Fixed Assets	2 035 051	3 643 562	-	5 678 613
Work in progress (incomplete wells)	186 476	200 266	-	386 742
Assets without proved reserves	379 517	1 030 290	-	1 409 807
Support equipment	50 698	6 831	-	57 528
<b>Gross cumulative investment</b>	<b>2 651 742</b>	<b>4 880 948</b>	<b>-</b>	<b>7 532 691</b>
Cumulative amortisations, depreciations and impairments	(1 599 861)	(1 692 765)	-	(3 292 626)
<b>Net cumulative investments</b>	<b>1 051 881</b>	<b>3 188 183</b>	<b>-</b>	<b>4 240 065</b>
<b>31 December 2020</b>				
<b>Consolidated total contributions</b>				
Assets with proved reserves				
Fixed Assets	1 716 503	2 968 171	-	4 684 674
Work in progress (incomplete wells)	428 260	324 355	-	752 614
Assets without proved reserves	211 588	713 668	1 993	927 249
Support equipment	389	5 989	-	6 378
<b>Gross cumulative investment</b>	<b>2 356 740</b>	<b>4 012 182</b>	<b>1 993</b>	<b>6 370 915</b>
Cumulative amortisations, depreciations and impairments	(1 251 483)	(1 297 349)	(1 993)	(2 550 826)
<b>Net cumulative investments</b>	<b>1 105 256</b>	<b>2 714 833</b>	<b>-</b>	<b>3 820 089</b>
<b>31 December 2019</b>				
<b>Consolidated total contributions</b>				
Assets with proved reserves				

## Supplementary oil and gas information (not audited)

	unit: €k			
	Africa	Latin America	Rest of the world	Total
Fixed Assets	1 602 411	2 546 333	-	4 148 744
Work in progress (incomplete wells)	450 744	1 025 048	-	1 475 792
Assets without proved reserves	310 628	607 719	1 993	920 341
Support equipment	371	6 571	-	6 942
<b>Gross cumulative investment</b>	<b>2 364 154</b>	<b>4 185 672</b>	<b>1 993</b>	<b>6 551 819</b>
Cumulative amortisations, depreciations and impairments	(1 128 478)	(923 371)	(1 993)	(2 053 842)
<b>Net cumulative investments</b>	<b>1 235 677</b>	<b>3 262 300</b>	<b>-</b>	<b>4 497 977</b>

Investments were classified in accordance with the following assumptions:

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

Amounts in the following captions include assets related to transport and production equipment for block BM-S-11 in Brazil and Area 4 in Mozambique, accounted for in companies which were consolidated through the equity method.

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

In 2021, an exchange rate of 1.184 EUR:USD was considered for assets in Africa and Brazil.

### Oil and gas reserves

Total proved reserves (1P) on 31 December 2021, 2020 and 2019 which are presented in the tables below, include developed and undeveloped proved reserves. These reserves were determined by the independent entity DeGolyer and MacNaughton (DeMac), whose methodology is in accordance with the

## Supplementary oil and gas information (not audited)

PMRS, approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

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

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

As required by Topic 932, the economic limit of reserves is based on the average prices of the last 12 months and current costs. The economic cut-off date affects the reserve estimate. Therefore, as prices and cost levels change from year to year, the estimate of proved reserves may also change.

The reference price used to determine the Company's net entitlement reserves, which are those to be developed as per the agreements signed for the exploration and production activity, was \$70.8, \$41.8/bbl and \$64.3/bbl and corresponds to the average market price of Brent for 2021, 2020 and 2019, respectively.

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

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

### Oil reserves (1P proved reserves)

	Africa	Latin America	unit: kbbl Total
<b>2021</b>			
<b>Reserves on 31 December 2020</b>	<b>16 855</b>	<b>270 925</b>	<b>287 780</b>
<i>Developed</i>	<i>12 711</i>	<i>170 116</i>	<i>182 827</i>
<i>Undeveloped</i>	<i>4 144</i>	<i>100 809</i>	<i>104 953</i>
Extensions and discoveries	-	67 117	67 117
Acquisitions and sales	-	(106)	(106)



## Supplementary oil and gas information (not audited)

	Africa	Latin America	unit: kbbl Total
Revisions of previous estimates	3 474	15 674	19 148
Production	(4 065)	(36 882)	(40 947)
<b>Reserves on 31 December 2021</b>	<b>16 265</b>	<b>316 728</b>	<b>332 993</b>
<i>Developed</i>	<i>12 051</i>	<i>164 086</i>	<i>176 137</i>
<i>Undeveloped</i>	<i>4 214</i>	<i>152 642</i>	<i>156 856</i>
<b>2020</b>			
<b>Reserves on 31 December 2019</b>	<b>20 552</b>	<b>287 587</b>	<b>308 139</b>
<i>Developed</i>	<i>14 467</i>	<i>151 832</i>	<i>166 299</i>
<i>Undeveloped</i>	<i>6 085</i>	<i>135 755</i>	<i>141 840</i>
Extensions and discoveries	-	-	
Acquisitions and sales	-	(85)	(85)
Revisions of previous estimates	780	21 330	22 110
Production	(4 477)	(37 907)	(42 384)
<b>Reserves on 31 December 2020</b>	<b>16 855</b>	<b>270 925</b>	<b>287 780</b>
<i>Developed</i>	<i>12 711</i>	<i>170 116</i>	<i>182 827</i>
<i>Undeveloped</i>	<i>4 144</i>	<i>100 809</i>	<i>104 953</i>
<b>2019</b>			
<b>Reserves on 31 December 2018</b>	<b>21 428</b>	<b>274 732</b>	<b>296 160</b>
<i>Developed</i>	<i>6 616</i>	<i>126 357</i>	<i>132 973</i>
<i>Undeveloped</i>	<i>14 812</i>	<i>148 375</i>	<i>163 187</i>
Extensions and discoveries	-	10 299	
Acquisitions and sales	-	-	-
Revisions of previous estimates	3 398	37 040	40 438
Production	(4 276)	(34 484)	(38 760)
<b>Reserves on 31 December 2019</b>	<b>20 552</b>	<b>287 587</b>	<b>308 139</b>
<i>Developed</i>	<i>14 467</i>	<i>151 832</i>	<i>166 299</i>
<i>Undeveloped</i>	<i>6 085</i>	<i>135 755</i>	<i>141 840</i>

## Supplementary oil and gas information (not audited)

### Gas reserves (1P proved reserves)

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

	Africa	Latin America	Total
unit: mmscf			
<b>2021</b>			
<b>Reserves on 31 December 2020</b>	<b>349 081</b>	<b>231 961</b>	<b>581 042</b>
<i>Developed</i>	-	149 163	149 163
<i>Undeveloped</i>	349 081	82 798	431 879
Extensions and discoveries	-	-	-
Acquisitions and sales	-	(3 445)	(3 445)
Revisions of previous estimates	(38 333)	(49 727)	(88 060)
Production	-	(26 855)	(26 855)
<b>Reserves on 31 December 2021</b>	<b>310 748</b>	<b>151 933</b>	<b>462 681</b>
<i>Developed</i>	-	118 161	118 161
<i>Undeveloped</i>	310 748	33 772	344 520
<b>2020</b>			
<b>Reserves on 31 December 2019</b>	<b>329 168</b>	<b>245 222</b>	<b>574 390</b>
<i>Developed</i>	-	128 701	128 701
<i>Undeveloped</i>	329 168	116 521	445 689
Extensions and discoveries	-	-	-
Acquisitions and sales	-	-	-
Revisions of previous estimates	-	34 766	34 766
Production	-	(28 114)	(28 114)
<b>Reserves on 31 December 2020</b>	<b>349 081</b>	<b>231 961</b>	<b>581 042</b>
<i>Developed</i>	-	149 163	149 163
<i>Undeveloped</i>	349 081	82 798	431 879
<b>2019</b>			
<b>Reserves on 31 December 2018</b>	<b>324 882</b>	<b>230 384</b>	<b>555 266</b>
<i>Developed</i>	-	114 864	114 864

## Supplementary oil and gas information (not audited)

	Africa	Latin America	unit: mmscf Total
<i>Undeveloped</i>	324 882	115 520	440 402
Extensions and discoveries	-	5 920	5 920
Acquisitions and sales	-	-	-
Revisions of previous estimates	4 286	39 104	43 390
Production	-	(30 186)	(30 186)
<b>Reserves on 31 December 2019</b>	<b>329 168</b>	<b>245 222</b>	<b>574 390</b>
<i>Developed</i>	-	128 701	128 701
<i>Undeveloped</i>	329 168	116 521	445 689

### Standard measure of discounted future net cash flows

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

Future cash inflows represent future revenues associated with the production of proved reserves, calculated by applying the average market price of Brent during 2021: \$70.79/bbl.

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

Future royalties are estimated considering production revenue.

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

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

The cash flows were calculated in U.S. Dollars and translated into Euros at the average exchange rate of 2021 (1.184 EUR:USD).

	Africa	Latin America	unit: €k Total
<b>31 December 2021</b>			
Future cash inflows	3 028 087	19 981 756	23 009 844
Future production costs	(701 933)	(3 819 653)	(4 521 586)
Future royalties	-	(2 337 229)	(2 337 229)

## Supplementary oil and gas information (not audited)

	unit: €k		
	Africa	Latin America	Total
Future development and abandonment costs	(266 141)	(1 823 209)	(2 089 349)
<b>Future net cash flow before tax</b>	<b>2 060 013</b>	<b>10 164 134</b>	<b>12 224 147</b>
Future income tax	(512 910)	(5 435 399)	(5 948 309)
<b>Future net cash flows</b>	<b>1 547 103</b>	<b>5 738 020</b>	<b>7 285 124</b>
Discount factor (10%)	(700 907)	(2 328 435)	(3 029 342)
<b>Standard measure of discounted future cash flows on 31 December 2021</b>	<b>846 196</b>	<b>3 409 585</b>	<b>4 255 782</b>

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

# 3. Galp report payments to public administrations

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

## 1. Introduction

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

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

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

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

## 2. Subject

This Report provides an overview of the Payments (defined below) to Public Administrations (defined below) made by Galp Energia SGPS, S.A., and its subsidiary undertakings (hereinafter together referred to as “Galp”), covering the full year 2021, whenever such companies make payments as a result of their activities of exploration, prospection, discovery, development and extraction of oil, natural gas deposits or other materials (referred to as “Extractive activities”).

## 3. Legislation

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

## 4. Reporting entities

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

## Galp report payments to public administrations

### 5. Public administrations

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

### 6. Project

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

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

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

### 7. Payments

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

#### Production Entitlements

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

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

For the year ended December 31, 2021, there were no production entitlements arising from projects Operated by Galp.

#### Taxes

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

#### Royalties

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

#### Bonuses

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

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

## Galp report payments to public administrations

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

### Infrastructure improvements

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

## 8. Other provisions operatorship

When Galp makes a Payment directly to a Public Administration arising from a Project, the full amount paid is disclosed, even where Galp, as operator, is proportionally reimbursed by its non-operating venture partners through a billing process (cash-call).

### Cash and in-kind payments

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

### Materiality level

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

### Exchange rate

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

## Galp report payments to public administrations

	Summary report (in kEuro)						
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
	a	b	c	d	e	f	
Angola	-	22,064	-	-	-	-	22,064
Brazil	-	419,905	215,539	-	71	-	635,515
East Timor	-	-	-	-	-	-	-
Mozambique	-	-	-	-	-	-	-
Namibia	-	-	-	-	35	-	35
Portugal	-	-	-	-	-	-	-
São Tomé e Príncipe	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>441,969</b>	<b>215,539</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>657,614</b>

### Report by Country: Angola

	Government Report (in kEuro)						
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total
<b>Governments</b>							
Ministry of Finance	-	22,064	-	-	-	-	22,064
<b>Total</b>	<b>-</b>	<b>22,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,064</b>



## Galp report payments to public administrations

							Project Report (in kEuro)	
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total	
Block 14	-	4,688	-	-	-	-	4,688	
Block 14k	-	281	-	-	-	-	281	
Block 32	-	17,095	-	-	-	-	17,095	
<b>Total</b>	-	<b>22,064</b>	-	-	-	-	<b>22,064</b>	

### Report by Country: Brazil

							Government Report (in kEuro)	
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total	
<b>Governments</b>								
Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP) - Revenue	-	-	215,539	-	-	-	215,539	
Agência Nacional do Petróleo, Gás Natural e Biocombustíveis	-	419,905	-	-	71	-	419,976	
<b>Total</b>	-	<b>419,905</b>	<b>215,539</b>	-	<b>71</b>	-	<b>635,515</b>	

							Project Report (in €k)	
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total	
New Ventures					65		65	
Block BM-S-11	-	419,905	214,537	-	-	-	634,442	
Block BM-S-24 (SEPIA)	-	-	752	-	-	-	752	
Block POT-T479 (SANHAÇU)	-	-	250	-	6	-	256	
<b>Total</b>	-	<b>419,905</b>	<b>215,539</b>	-	<b>71</b>	-	<b>635,515</b>	

## Galp report payments to public administrations

### Report by Country: Namibia

							Government Report (in €k)	
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total	
<b>Governments</b>								
Ministry of Mines and Energy	-	-	-	-	35	-	35	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>35</b>	

							Project Report (in €k)	
	Production Entitlement	Taxes	Royalties	Bonuses	Fees	Infrastructure Improvements	Total	
Block 2813A	-	-	-	-	35	-	35	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>35</b>	

## 4. Statement of compliance by the members of the Board of Directors

Under the terms and for the purposes of Article 29-G, first paragraph, subparagraph c) of the Portuguese Securities Code, each of the below-mentioned members of the Board of Directors declares that, to the fullest extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts and any further accounting documents regarding the year of 2021 were prepared in compliance with the applicable accounting rules, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp and the companies included in the consolidation, and the management report provides a fair view of the development of the business, and of the performance and position of Galp and the companies included in the consolidation, and provides a description of the main risks and uncertainties faced by Galp and the companies included in the consolidation in the course of their operations.

Lisbon, March 25, 2022.

### The board of directors

#### Chairperson

Paula Amorim

#### Vice-chairmen

Miguel Athayde Marques

Andy Brown

#### Members

Filipe Silva

Thore Kristiansen

Teresa Abecasis

Georgios Papadimitriou

Marta Amorim

Francisco Teixeira Rêgo

Carlos Pinto

Luis Todo Bom

Jorge Seabra de Freitas

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Fonseca

Adolfo Mesquita Nunes

Javier Cavada Camino

## 5. Report and opinion of the Audit Board

### Audit Board's opinion

Dear Shareholders,

According to the legislation in force and the Company's By-laws, and under our mandate, we hereby present our opinion on the Management Integrated Annual Report that includes the Corporate Governance Report, the non-financial information, the individual and consolidated financial statements and the proposed allocation of net profits presented by the Board of Directors of Galp Energia SGPS, S.A., with regard to the year ended 31 December 2021.

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

We have monitored the process of preparation and disclosure of financial statements, as well as the legal certification of the accounts, with particular emphasis on the effects and challenges resulting from the context of the pandemic caused by Covid-19 on financial reporting. To the best of our knowledge, the statutory audit has positively contributed to the integrity of the process of preparing and disclosing financial information.

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

We have reviewed the legal certification of the accounts of the Statutory Auditor and the External Auditor's audit report on the individual and consolidated accounts

for the year 2021 which do not express any reservation or emphasis, and with which we agree.

Under the terms and for the purposes of Article 420, paragraph 6 of the Companies Portuguese Code, each of the below indicated members of the Audit Board declares that, to the extent of his/her knowledge, the management report, the financial statements, the legal certification of the accounts, the audit report and any further accounting documents regarding the year of 2021 were prepared in compliance with the applicable accounting rules and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Galp and the companies included in the consolidation. It also states that, to the best of its knowledge, the management report includes a fair view of the development of the business and the performance and position of Galp and the companies included in the consolidation, and includes a description of the main risks and uncertainties faced by Galp and the companies included in the consolidation in their operations.

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

- The accounting principles and the metrical criteria are in line with IFRS, as adopted by the European Union, and are adequate as to ensure an accurate representation of the assets and results of both the Company and the other companies included in the consolidation;
- The corporate governance chapter of the management report regarding the year of 2021 includes all the information required by the first paragraph of Article 29.<sup>o</sup>-H of the Portuguese Securities Code.

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

## Report and opinion of the Audit Board

individual and consolidated financial statements, we express our agreement with the management report, the individual and consolidated financial statements and the proposal of the application of net profits for the financial year 2021 of Galp Energia, SGPS, S.A. namely taking into account the provisions of Article 32 of the Companies Portuguese Code, so we are of the opinion that there is nothing to hinder their approval at a General Shareholders' Meeting.

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

Lisbon, 25 March 2022.

### Chairman

José Pereira Alves

### Members

Fátima Castanheira Geada  
Pedro Antunes de Almeida

## Report and opinion of the Audit Board

### Annual activity report of the Audit Board for the financial year 2021

In accordance with paragraph 1 item g) of Article 420 of the Portuguese Commercial Companies Code (Código das Sociedades Comerciais [CSC]) and of paragraph 1 item g) of Article 8 of the regulations of the Audit Board of Galp Energia, SGPS, S.A. (hereinafter referred to as Galp or the Company), the Audit Board hereby presents its report on the supervisory activities performed during 2021.

#### I. Introduction

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

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

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

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

- continuous monitoring of the Company's activities, monitoring compliance with the law and Bylaws, and overseeing the Company's management;

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

#### II. Activities performed by the audit board in relation to the financial year 2021

In the course of its duties, the Audit Board had access to all information relating to the Company and its collaborators, which enabled the appraisal of the performance, current situation and the further development prospects of the Company and had access to all other documents and clarifications from the persons from which they requested.

During 2021, the Audit Board held 12 meetings and implemented various measures in the course of its duties, of which the following are highlighted:

## Report and opinion of the Audit Board

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

Ongoing monitoring of the Company during 2021 was undertaken, in particular, through meetings with the heads of Galp's central corporate divisions, most regularly the Internal Audit Department, the Risk Management and Internal Control Department. Further, the Audit Board met with the CEO and the CFO.

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

Further, during 2021, the Audit Board attended all meetings of the Board of Directors, namely those where the company's accounts were analysed, the strategic lines of Galp were debated and updated, the budget for 2022 was approved and the business plan for 2021-2025 was presented, the objectives and levels related to risk-taking were defined, as well as the works developed by its committees were presented

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

During the year, the Audit Board participated in workstreams on strategic matters presented to the Board of Directors, aimed at the debate and strategic update, which enabled an enriching and innovative reflection on the strategic lines for the coming years.

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

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

The Audit Board reviewed the documents relating to the 2021 audit and the legal certification of the accounts and issued a favourable opinion thereupon.

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

During 2021, the Audit Board carried out various actions aimed at monitoring, supervising and evaluating the work and adequacy of Galp's internal control, risk management and internal audit system, either based on the reporting of information by the Internal Audit, Risk Management departments and Internal Control unit, or using the internal control report issued by the External Auditor.

During 2021, the Audit Board was informed on a quarterly basis of the status of the project to implement the Financial Reporting Internal Control System, with a view to its certification by an external entity.

## Report and opinion of the Audit Board

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

During 2021, the Audit Board carried out several actions to monitor, supervise and assess the functioning and adequacy of the risk management system, through the quarterly reporting of information by the Risk Management Department, having regularly learned of events in the area of cybersecurity, the recommendations of the Risk Management Committee and the top risks and Disaster Recovery plans.

As part of its supervisory duties, the Audit Board was also charged with supervising the implementation by the Company of the principles and policies for the identification and management of key financial and operational risks associated with Galp's business, as well as reviewing the measures in place to monitor, control and disclose the risks, in accordance with the objectives established by the Board of Directors.

At the Board of Directors' meeting that took place on December 17, 2021, the Audit Board expressed its opinion on the strategic guidelines and the risk management policy implemented at Galp, considering it adequate for the Group's risk level, and issued a favourable opinion on the risk analysis conducted by the Risk Management Department and the statement of risk appetite, risk goals and risk levels underlying the Group's 2021-2025 Business Plan, submitted by the Board of Directors on that same date.

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

The Audit Board supervised the activity carried out by the Internal Audit Department during 2021, through monthly monitoring of the execution of the respective annual audit activities plan approved by the Audit Board, of the audit

work carried out, the follow-up on recommendations and the information on the allocation of resources, having received from this Department monthly reports on the status of the issued recommendations and audits carried out.

The Audit Board provided input to the performance evaluation of the Internal Audit Department concerning 2021.

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

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

The Chairman of the Audit Board attended the meeting of the Audit Committee held on 18 November 2021, as part of the presentation of the Annual Internal Audit Plan for 2021.

### 6. Monitoring the performance of the corporate governance system

During 2021, the Audit Board monitored the performance of the corporate governance system and its compliance with legal rules, regulations and bylaws, and monitored legislative and regulatory developments in matters of corporate governance.



## Report and opinion of the Audit Board

Also, in the context of monitoring corporate governance matters, the Audit Board analysed the Corporate Governance Report for the 2021 financial year, having confirmed that this report includes the elements provided for in the first paragraph of Article 29.º-H of the Portuguese Securities Code and in Regulation no. 4/2013 of the Portuguese Securities Market Commission.

### 7. Monitoring and supervising the effectiveness of the compliance system

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

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

The Audit Board, at its meeting on 6 January 2022, carried out the annual performance assessment of the External Auditor's activity, with reference to 2021, pursuant to Article 8(1)(q) and (2)(c) of the Regulations of the Audit Board.

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

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

During 2021, the Auditor was present at 7 meetings held by the Audit Board, in which company accounts and the identified audit risks were analysed, internal control issues were debated, the annual audit plan for 2021 was reviewed and the main audit points and recommendations reported were discussed with the Auditor.

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

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

As part of verifying the External Auditor's compliance with the rules regarding independence, the Audit Board monitored, during 2021, the provision of non-audit services, for which a prior opinion of the Audit Board is necessary, having analysed compliance the Auditor's independence requirements, the possibility of any services provided by the Auditor and their inclusion in the legally established criteria, having confirmed that his independence was safeguarded.

Bearing in mind that the External Auditor's term began in 2019, the limit of 70% established by Article 4 (2) of EU Regulation No. 537/2014 (European Audit Regulation) is not applicable. In any case, it should be noted that in 2021 the distinct audit services represented 27.4% of the average fees paid to the Auditor in 2019 and 2020 for the financial audit services provided to Galp and the entities under Galp's control in the same period .

## Report and opinion of the Audit Board

### 9. Company's transactions with related parties

The Audit Board monitored the project led by the Internal Control team to implement and enforce the internal norms on transactions with stakeholders and the new legal framework.

During the year of 2021 no transaction made with related parties was subject to prior opinion of the Audit Board.

### 10. Reporting irregularities

In the course of 2021, Galp's Committee of Ethics and Conduct held periodic meetings with the Audit Board to report any communications received and assess which of these to escalate. The committee also reported several initiatives on the subject of ethics, including the revision of the Code of Ethics and Conduct, the new harassment and discrimination prevention policy and the outsourcing of the management of irregularity reporting.

As part of the fulfillment of the reporting obligation provided for in point 8 of Galp's Committee of Ethics and Conduct Regulations, this Committee presented to the Audit Board the annual report on the communications received in 2021, the procedures adopted and any actions/measures proposed.

Lisbon, 25 March 2022.


### Chairman

José Pereira Alves

### Members

Maria Fátima Geada  
Pedro Antunes de Almeida

## 6. Independent report about sustainability information



**Independent Assurance Report**  
(Free translation from the original in Portuguese)

To the Board of Directors

**Introduction**

We were engaged by the Board of Directors of Galp Energia, SGPS, S.A. ("Galp" or "Company") to perform a reasonable assurance engagement on the indicator identified below in the section "Responsibilities of the auditor" and a limited assurance engagement on the sustainability information also mentioned in that section, which integrate the sustainability information included in the Integrated Management Report 2021 ("Report"), for the year ended in December 31, 2021, prepared by the Company for the purpose of communicating its annual sustainability performance.

**Responsibilities of the Board of Directors**

It is the responsibility of the Board of Directors to prepare the sustainability information identified below in the section "Responsibilities of the auditor", included in the Integrated Management Report 2021, in accordance with the sustainability reporting guidelines "Global Reporting Initiative" version GRI Standards and with the instructions and criteria disclosed in the Integrated Management Report 2021, and the maintenance of an appropriate system of internal control to enable the adequate preparation of the mentioned information.

**Responsibilities of the auditor**

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

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

a) reasonable assurance on whether Galp's Carbon Footprint 2021 (scopes 1 and 2); and  
b) limited assurance on whether the remaining sustainability information 2021 is free from material misstatement.

Our limited assurance engagement also consisted in carrying out procedures with the objective of obtaining a limited level of assurance as to whether the Company applied, in the sustainability information included in the Integrated Management Report 2021, the GRI Standards guidelines.

For this purpose the above mentioned work included:

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

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485  
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

(ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;

(iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;

(iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;

(v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;

(vi) Comparison of financial and economic data included in the sustainability information with the data audited by the external financial auditor, in the scope of the audit of Galp's financial statements for the year ended in December 31, 2021;

(vii) Analysis of the process for defining the materiality of the sustainability issues, based on the materiality principle of GRI Standards, according to methodology described by the Company in the Report;

(viii) Verification that the sustainability information included in the Report complies with the requirements of GRI Standards.

(ix) Verification that the sustainability information is aligned with the recommendations of the Task Force on Climate Financial Disclosures, the United Nations Global Compact principles (Communication on Progress) and the United Nations Sustainable Development Goals.

In addition, for the purpose of reasonable assurance work, we performed analytical and substantive tests, and based on defined materiality criteria we have verified the adequate application of reporting criteria defined by Company in the Carbon Footprint 2021 calculation, disclosed in the Integrated Management Report 2021.

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

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

**Quality control and independence**

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

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

**Conclusion on the reasonable assurance work**

Based on the work performed, it is our opinion that the Galp's Carbon Footprint 2021 (scopes 1 and 2), identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2021, for the year ended in December 31, 2021, was prepared, in all material

Independent Assurance Report  
December 31, 2021

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

## Independent report about sustainability information

respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it.

**Conclusion on the limited assurance work**

Based on the work performed, nothing has come to our attention that causes us to believe that the remaining sustainability information, identified above in the section "Responsibilities of the auditor", included in the Integrated Management Report 2021, for the year ended in December 31, 2021, was not prepared, in all material respects, in accordance with GRI Standards requirements and with the instructions and criteria disclosed on it, and that Galp has not applied, in the sustainability information included in the Integrated Management Report 2021, the GRI Standards, for the option "Reference to GRI Standards".

**Restriction on distribution and use**

This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating the annual sustainability performance in the Integrated Management Report 2021 and should not be used for any other purpose. We will not assume any responsibility to third parties other than Galp by our work and the conclusions expressed in this report, which will be attached to the Company's Integrated Management Report 2021.

March 25, 2022

PricewaterhouseCoopers & Associados  
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represented by:

Ana Maria Ávila de Oliveira Lopes Bertão, ROC nº. 902  
Registered with the Portuguese Securities Market Commission under nº 20160521

(This is a translation, not to be signed)

# 7. Glossary and abbreviations

## Glossary

### Absenteeism

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

### API density

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

### Atmospheric distillation

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

### CO<sub>2</sub>

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

### Cogeneration

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

### Complexity

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

## Glossary and abbreviations

is considered to be 10 times more complex than a refinery equipped with just crude oil atmospheric distillation, for the same quality of processed product.

Contingent resources

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

### Conversion

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

### Cracking

Transformation through a breaking down of the hydrocarbon molecules in long chains, with the objective of obtaining hydrocarbon molecules in shorter chains, thus increasing the proportion of lighter and more volatile products.

Distinguishing between thermal cracking and catalytic cracking. Thermal cracking is only caused by the actions of heat and pressure. Catalytic cracking uses catalysers that, at the same temperature, allow a deeper and more selective transformation of fractions that could be heavier.

### Dated Brent

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

### Diesel

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

### Distillation

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

### Emissions

Release of gases into the atmosphere. Within the context of climate change, the emissions include the release of greenhouse gases (GHG). A typical example is the release of CO<sub>2</sub> during the combusting of fuels.

## Glossary and abbreviations

### Direct emissions (A1)

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

### Indirect emissions (A2)

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

### Indirect emissions (A3)

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

### FPSO

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

### FLNG

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

### Fuel oil

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

### Gasoline

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

### Hydrocracking

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

### Jet fuel

Fuel for jet motors used in aviation

### Liquefied natural gas (LNG)

Natural gas that is changed into its liquid state to enable transportation. Liquefaction is performed by a reduction in the temperature of the gas, to atmospheric pressure, to amounts of less than  $-160^{\circ}\text{C}$ . The volume of the LNG is approximately 1/600 of the volume of natural gas.

## Glossary and abbreviations

### Liquefied Petroleum Gas (LPG)

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

### Lubricants

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

### Naphtha

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

### Natural gas

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

### Net entitlement production

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

### Prospective resources

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

### Proven reserves (1P)

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

If deterministic methods are used, the expression "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The definition of current economic conditions should include relevant historical oil prices and associated costs. In general, reserves are considered proven if the commercial productivity of the reservoir is supported by actual production or formation tests. In this context, the term "proven" refers to the



## Glossary and abbreviations

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

### Proven and probable reserves (2P)

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

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

### Proven, probable and possible reserves (3P)

3P reserves correspond to the sum of proven, probable and possible reserves. Under the definition approved by the SPE and the WPC, possible reserves are a category of unproven reserves. Unproven reserves are based on geological or engineering data similar to those used in estimates of proven reserves but in relation to which technical, contractual, economic or regulatory uncertainties preclude such reserves from being classified as proven. Possible reserves have

a lower probability of being recovered than probable reserves. If probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the 3P estimate.

### Refinery

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

### Renewable energy

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

### Replacement Cost (RC)

According to this method, the cost of goods sold is valued at the cost of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by the Portuguese IFRS and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

### Replacement Cost Adjusted (RCA)

In addition to using the replacement cost method, RCA items exclude non-recurring events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring

## Glossary and abbreviations

charges which may affect the analysis of the Company's profit and do not reflect its regular operational performance.

### Seismic

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

### Social Return on Investment (SROI)

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

### Solar energy

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

### Spot market

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

### Storage facility

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

### Wind farm

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

### Wind power

Kinetic energy – that is, energy that is generated by a movement that is obtained by displacement of the air, or in other words, wind. This can be converted into mechanical energy for the enactment of pumps, mills and electrical energy generators.

### Working interest production

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

## Glossary and abbreviations

### Abbreviations and acronyms

**%:** percentage

**@:** at

**3D:** three dimensions

**4D:** four dimensions

**oC:** Celsius

**ACS:** Actividades de Construccion Y Servicios S.A.

**ACT:** Assessing Low-Carbon Transition initiative.

**AIP:** Production Individualisation Agreements

**AGM:** Annual General Shareholders' Meeting

**AI:** artificial intelligence

**Amorim Energia:** Amorim Energia, B.V.

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

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

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

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

**APEE:** The Association of Private Enterprise Education

**API:** American Petroleum Institute gravity

**B2B:** Business to Business

**B2C:** Business to Consumer

**b.p.:** basis points

**bbi:** barrel of oil

**BBLT:** Benguela, Belize, Lobito and Tomboco

**bcm:** billion cubic metres

**BCSD:** Business Council for Sustainable Development

**BGI:** Building Global Innovators

**BIOREF:** Collaborative Laboratory for Biorefineries

**bn:** billion

**BoD:** Board of Directors

**boe:** barrel of oil equivalent

## Glossary and abbreviations

**BRL (or R\$):** brazilian reais

**BSEE:** Bureau of Safety and Environmental Enforcement

**BU:** Business Units

**c.:** circa

**C&L:** consumptions and losses

**CCS:** carbon capture and storage

**CCUS:** carbon capture, utilisation and storage

**CDP:** Carbon Disclosure Project

**CEC:** Ethics and Conduct Committee

**CEO:** chief executive officer

**CESE:** Energy Sector Extraordinary Contribution (Portugal)

**CFFO:** cash flow from operations

**CFO:** chief financial officer

**CGA:** Cognitive Geoscience Advisor

**CGR:** condensate to gas ratio

**CGU:** cash generating unit

**CH<sub>4</sub>:** methane

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

**CLC:** Companhia Logística de Combustíveis, S.A.

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

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

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

**CNG:** compressed natural gas

**CNPD:** Comissão Nacional de Proteção de Dados

**CO<sub>2</sub>:** carbon dioxide

**CO<sub>2e</sub>:** carbon dioxide equivalent

**COFINS:** contribution to social security financing

**CONCAWE:** Conservation of Clean Air and Water in Europe

**COO:** chief operating officer

**COSO:** Committee of Sponsoring Organisations of the Treadway Commission

**CRO:** chief risk officer

## Glossary and abbreviations

**CSC:** Commercial Law (Código das Sociedades Comerciais)

**CSIRT:** CyberSecurity Incident Response Team

**CTA:** cumulative translation adjustment

**CTI:** Circular Transition Indicators

**CURG:** last-resort wholesaler distributors

**CURR:** last-resort retailers marketers

**CVM:** Portuguese securities code

**CWT:** complexity weighted tonne

**d:** day

**DCF:** discounted cash flow

**DD&A:** Depreciation, Depletion, and Amortization

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

**DJSI:** Dow Jones Sustainability Index

**DSIC:** Dalian Shipbuilding Industry Corporation

**DST:** drill stem test

**DSU:** debt service undertaking

**E:** Estimate

**E&P:** Exploration & Production

**Ebit:** earnings before interest and taxes

**Ebitda:** earnings before interest, taxes, depreciation and amortisation

**EC:** Executive Committee

**EDP:** Energias de Portugal, S.A.

**EEZ:** Exclusive Economic Zone

**EI:** Energia Independente

**EIA:** environmental impact assessment

**EIP:** European Impact Partners

**EIT:** European Institute of Innovation & Technology

**EMPL:** Europe-Maghreb Pipeline

**EMTN:** Euro Medium Term Note

**EMV:** Expected Monetary Value

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

**Eni:** Eni, S.p.A.

## Glossary and abbreviations

**EQS:** Environment, Quality and Safety

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

**ERU:** emission reduction units

**ESCO:** energy service company

**ESG:** Environmental, social and governance

**ESHIA:** Environmental, Social and Health Impact Assessment

**ESIAs:** Environmental and Social Impact Assessments

**EU:** European Union

**EU ETS:** European Union Emissions Trading System

**EUA:** emission unit allowances

**EUR (or €):** Euro

**EV:** Electric Vehicles

**EWT:** extended well test

**FAME:** fatty acid methyl ester

**FASB:** Financial Accounting Standards Board

**FCF:** free cash flow

**FCP:** Fast charging points

**FEED:** front-end engineering design

**FID:** final investment decision

**FLNG:** floating, liquefied natural gas unit

**FPSO:** floating, production, storage and offloading unit

**FSB:** Financial Stability Board

**FUNAE:** Fundo Nacional de Energia (Mozambique)

**FX:** exchange rate

**g:** grams

**G&A:** general and administrative

**G&G:** geological and geophysical studies

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

**GDP:** Gross domestic product

**GDP:** Gás de Portugal, SGPS, S.A.

**GDPR:** General Data Protection Regulation

**GGND:** Galp Gás Natural Distribuição, S.A.

## Glossary and abbreviations

**GHG:** greenhouse gases

**GRI:** Global Reporting Initiative

**GVA:** Galp Added Value

**Gtoe:** giga tonne of oil equivalent

**GW:** gigawatt

**GWh:** gigawatt-hour

**GWp:** gigawatt-peak

**h:** hour

**H<sub>2</sub>:** hydrogen

**HSE:** Health, Safety and the Environment

**HVO:** hydrogenated vegetable oil

**IAS:** International Accounting Standards

**IASB:** International Accounting Standards Board

**IASC:** International Accounting Standards Committee

**IBAT:** Integrated Biodiversity Assessment Tool

**IBM:** International Business Machines Corporation

**ICE:** Intercontinental Exchange

**IFA:** Accident Frequency Index

**IFAT:** Total Accident Frequency Index

**IFRIC:** International Financial Reporting Interpretation Committee

**IFRS:** International Financial Reporting Standards

**IGEN:** Business Forum for Equality

**IIA:** The Institute of Internal Auditors

**IIRC:** International Integrated Reporting Council

**IMO:** International Maritime Organisation

**IMPEL:** Integrated Water Approach and Urban Reusz

**IMS:** Integrated Management System

**IOC:** International Oil Company

**IOGP:** International Association of Oil and Gas Production

**IPCEI:** Important Project of Common European Interest

**IPCG:** Portuguese Institute of Corporate Governance

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

## Glossary and abbreviations

**IRC:** corporate income tax

**IRP:** oil income tax (Angola)

**ISIN:** International securities identification number

**ISO:** International Organisation for Standardisation

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

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

**ISQ:** Instituto de Soldadura e Qualidade

**IT:** Information Technology

**IUCN:** International Union for Conservation of Nature

**JDZ:** Joint Development Zone

**JV:** joint venture

**k:** thousand/thousands

**kbbl:** thousand barrels of oil

**kboepd:** thousand barrels of oil equivalent per day

**kbpd:** thousand barrels of oil per day

**kg:** kilogram

**km/km<sup>2</sup>:** kilometres/square kilometres

**Kosmos:** Kosmos Energy

**Kton/kt:** thousand tonnes

**LNG:** liquefied natural gas

**LPG:** liquefied petroleum gas

**LRO:** local risk officer

**LTIF:** Lost Time Injury Frequency

**m:** million

**m<sup>3</sup>:** cubic metres

**M&A:** mergers and acquisitions

**MaaS:** Mobility as a Service

**mboe:** million barrels of oil equivalent

**mbpd:** million barrels of oil per day

**mbtu:** million British thermal units

**mbbl:** million barrels of oil

**mscf:** millions of cubic feet



## Glossary and abbreviations

**MIBEL:** Mercado Iberico de electricidade

**MJ:** Megajoules

**mm<sup>3</sup>:** million cubic metres

**MPDP:** Market Production Data Platform

**MRV:** Mozambique Rovuma Venture S.p.A.

**MTM:** mark-to-market

**mton/mt:** million tonnes

**mtpa:** million tonnes per annum

**MW:** megawatt

**MWh:** megawatt-hour

**MWp:** megawatt-hour

**n.m.:** not meaningful

**NAMPOA:** Namibia Petroleum Operators Association

**NAMCOR:** National Petroleum Corporation of Namibia

**NCP:** Normal charging points

**NE:** net entitlement

**NG:** natural gas

**NGDO:** Non-governmental development organisations

**NHS:** National health service

**NO<sub>x</sub>:** Nitrogen oxides

**NPV:** Net Present Value

**OECD:** Organisation for Economic Cooperation and Development

**OHSAS:** Occupational Health and Safety Assessment Services

**OMEL:** spot market Iberian electricity market

**OMIP:** forward market Iberian electricity market

**op.:** operator

**OTC:** over-the-counter

**OU:** organisational units

**p.a.:** per annum

**p.p.:** percentage points

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

**PCR:** polymerase chain reaction

## Glossary and abbreviations

**Petrobras:** Petróleo Brasileiro, S.A.

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

**PIA:** production individualisation agreement

**PoD:** Plan of Development

**POS:** Probability of Geological Success or probability of success

**PPA:** purchase power agreement

**PPSA:** Pré-Sal Petróleo S.A.

**PSA:** production sharing agreement

**PSC:** production sharing contracts

**PSI-20:** Portuguese stock market reference index

**PV:** Photovoltaic

**PwC:** PricewaterhouseCoopers

**PWN:** Lisbon's Professional Women's Network

**RED:** Renewable Energy Directive

**R&D:** Research & Development

**R&M:** Refining & Midsream

**R&NB:** Renewables & New Businesses

**RAB:** regulatory asset base

**RC:** replacement cost

**RCA:** replacement cost adjusted

**RDA:** Reservoir Data Acquisition

**RED:** Renewable energy directive

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

**ROACE:** Return on capital employed

**ROC:** statutory auditor

**ROI:** return on investment

**S:** sulfur

**S4G:** Supply 4 Galp

**SaaS:** Software as a Service

**SASB:** Sustainability Accounting Standards Board

**SDG:** Sustainable Development Goals

**SDS:** sustainable development scenario

## Glossary and abbreviations

**SGPS:** Sociedade Gestora de Participações Sociais (Holding company)

**SIC:** Standing Interpretation Committee

**SO<sub>2</sub>:** Sulfur dioxide

**SPPI:** Solely Payments of Principal and Interests

**STP:** São Tomé and Príncipe

**SPT:** Special Participation Tax (Brazil)

**STEPS:** Stated Policies Scenario

**SROC:** firm of statutory auditors

**SURF:** subsea, umbilical, risers e flowlines

**SXEP:** STOXX Europe 600 Oil & Gas Index

**tcf:** trillion cubic feet

**TCFD:** Task Force on Climate-related Financial Disclosure

**TJ:** terajoule

**TL:** Tomboa-Landana

**toe:** tonne of oil equivalent

**tonCO<sub>2</sub>/tCO<sub>2</sub>:** tonnes of carbon dioxide

**tonCO<sub>2</sub>e/ tCO<sub>2</sub>e:** tonnes of carbon dioxide equivalent

**ton/t:** tonne

**TPED:** total primary energy demand

**TRIR:** Total Recordable Injury Rate

**TSR:** total shareholder return

**TTF:** title transfer facility

**TVI:** Televisão Independente (Independent television)

**TWh:** terawatt-hora

**U.S.A.:** United States of America

**U.K.:** United Kingdom

**UN:** United Nations

**UNESCO:** United Nations Educational, Scientific and Cultural Organisation

**UNGC:** United Nations Global Compact

**Up:** Upcoming energies

**URD:** distribution network use

**USSR:** Union of Soviet Socialist Republics

## Glossary and abbreviations

**URT:** transportation network use

**USD (or \$):** United States Dollar

**V2G:** Vehicle-to-Grid

**Var.:** variation

**VAT:** value added tax

**VLSFO:** very low sulphur fuel oil

**VOCA:** Volatility, Uncertainty, Complexity, Ambiguity

**WAC:** weighted average cost

**WACC:** weighted average cost of capital

**WBCSD:** World Business Council For Sustainable Development

**WHO:** World Health Organization

**WI:** working interest

**WRI:** World Resources Institute

**wt:** weight

**WWF:** World Wildlife Fund

**YoY:** year-on-year

# Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 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 those 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", "envison", "estimate", "expect", "goals", "intend", "may", "objectives",

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