

ENERGY MOTION

PART I
INTEGRATED MANAGEMENT REPORT 2019



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

Part II - Corporate Governance Report

Part I Information on the Company's shareholding structure, organisation and corporate governance

Part II Corporate governance assessment

Part III - Consolidated and individual financial statements

Part I Consolidated financial statements

Part II Individual financial statements

Part IV - Appendices

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

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

ABOUT THIS REPORT

About this report

Galp's integrated report is designed to provide a transparent and accurate overview of the processes whereby the Company creates economic, environmental and social value, as well as to present the results for the period and its corporate governance practices. The report enables an integrated assessment of Galp's performance by taking the relevant external factors into consideration.

The report comprises an Integrated Management Report, which incorporates Galp's strategy, its operational, sustainability and financial performance during the year and key governance and risk management information. The Corporate Governance Report containing detailed information on the corporate governance model and practices, the Consolidated and individual financial statements as at 31 December 2019 and all the appendices are presented separately but are an integral part of Galp's Integrated Report, as follows:

Integrated Report 2019			
Part I	Part II	Part III	Part IV
Integrated Management Report	Corporate Governance Report	Consolidated and individual financial statements	Appendices

The detail of the contents of each of these Parts can be found in the index above.

In order to appraise the Company's performance, the report includes information on past years, where relevant.

This report has been prepared in line with the applicable standards and with internationally acknowledged guidelines, namely:

- the International Financial Reporting Standards (IFRS);
- the guidelines of the Commercial Companies Code (CSC) in force in Portugal regarding the content of the report, including those relating to the reporting of non-

financial information introduced by Decree-Law No. 89/2017 of 28 July;

- the provisions of the Portuguese Securities Code (CVM), and Regulation No. 4/2013 of the Portuguese Securities Market Regulator (CMVM) on the Company's annual corporate governance report;
- the provision guidelines of the CVM on the reporting of payments made to public administrations;
- the integrated reporting guidelines of the International Integrated Reporting Council (IIRC);
- the guidelines of the Global Reporting Initiative (GRI), GRI Standards version, under the "In accordance – Comprehensive" option, including the Oil & Gas sector supplement, guidelines for the sustainability report;
- the principles of inclusion, materiality, responsiveness and impact set in the AccountAbility norm AA1000 AccountAbility Principles Standard (AA1000AP 2018), regarding sustainability information;
- the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosure (TCFD) regarding the disclosure of climate-related financial risks; and
- the principles of the United Nations Global Compact (UNGC), on information related to sustainability.

Galp's financial statements have been prepared in accordance with IFRS, and the cost of goods sold and of raw materials consumed is valued at the Weighted Average Cost (WAC). When goods and commodity prices fluctuate, the use of this valuation method may lead to a volatility of results through gains or losses in inventories, which do not reflect the Company's actual operating performance during the period. This is called the inventory effect.

Another factor that may influence the results is the set of non-recurring items, such as gains or losses arising from the sale of

ABOUT THIS REPORT

assets, impairments or the replacement of fixed assets and restructuring provisions.

In order to provide a better appraisal of the Company's operating performance by excluding the above-mentioned effects, Galp also discloses its results on a Replacement Cost Adjusted (RCA) basis, excluding non-recurring items and the inventory effect, with the latter, the cost of goods sold and raw materials consumed, calculated on the basis of the Replacement Cost (RC) valuation method. Galp's IFRS results are subject to audit, RC results are reviewed by the auditor, while RCA results are neither audited nor reviewed.

Regarding non-financial information, the data consolidation and reporting methodology includes all activities where Galp has a stake of 50% or more, and when it has operational control. Notwithstanding the foregoing, and where the stakeholders' interests so justify, this report also includes information on non-controlled activities where Galp holds a minority stake.

Galp aims to build the trust required to support stakeholders' decision-making regarding the Company and, for this reason, submits the contents of this report to an external, independent and certified assessment.

The scope of action of Galp's Statutory Auditor/Auditor, Ernst & Young Audit & Associados, SROC, S.A., in relation to the Integrated Report is as follows:

Financial statements	Non-financial information	Corporate governance information	Other information
Legal certification of accounts and audits	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

In respect of the non-financial information disclosed in this Report, in our website, in the *GRI Standards and on TCFD Recommendations*, the independence assurance report is issued by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. – which provides a reasonable assurance for the 2019 Carbon Footprint and limited assurance for the remaining non-financial information.

To complement this report, Galp publishes additional and detailed non-financial information in its corporate website.

Galp wishes to engage in an ongoing and inclusive dialogue with its stakeholders, seeking to respond to their expectations and requirements. You can express your opinion about this report, or ask questions about it, to the Investor Relations team, using the following contact details:

Galp Energia, SGPS, S.A.

Investor Relations

Rua Tomás da Fonseca, Torre A

1600 – 209 Lisbon, Portugal

Tel.: +351 217 240 866

E-mail: investor.relations@galp.com

This English version is a translation of the Portuguese document made for the convenience of non-Portuguese speaking stakeholders. For all intents and purposes, the Portuguese version prevails.

STATEMENT FROM THE BOARD OF DIRECTORS

Statement from the Board of Directors

Paula Amorim

Chairman of the Board of Directors

During periods of profound transformation, the success of any company's ambition will depend on maintaining the trust of all its stakeholders. At Galp, we are encouraged to continue innovating and developing our businesses sustainably, in a disciplined and responsible way, giving the best of us for a better society. This is part of our culture, and a fundamental reason for the results and trustworthiness received over the last decades, as well as a fundamental pillar to our future success.

Thanks to the hard work and dedication of our people, but also to the support from our suppliers, investors and customers, we exceeded our goals for 2019. The performance was robust both at the operational and financial levels, during a challenging and volatile year. We delivered growth. We created value. And the capital markets continued to recognise this through our share performance.

On top of execution, during the year we focused on our strategy and on how to position Galp for the future of the sector. Energy will be produced from different sources and will be delivered and used by our customers in different ways. This will challenge us and our businesses will need to be agile and prepared to adapt to new regulatory, technological, environmental or social perspectives. Galp will seek the right opportunities to create value along this transition.

Environmental, social and governance matters are crucial to the development and success of our business. And we understand that our responsibilities go beyond providing energy to people.



STATEMENT FROM THE BOARD OF DIRECTORS

We engage with our communities, take care of our people, while being financially competitive and delivering value, as we have been able to in the past. Galp has been recurrently regarded by the capital markets and investors for its transparency, execution and discipline. And we want to continue that way.

The world will witness an increase in the development of renewables and other low carbon businesses. This is also the case for Galp, where its integrated business model should remain a key pillar of our strategy. With a relevant presence across the energy value chain, and with a strong customer base in Iberia, we see the power generation from renewable sources as a step to better fulfil our customer needs. This allied with our existing portfolio is the basis for the sustainable and profitable growth cycle that we see ahead of us.

In this context, we are happy with the recent addition of several high-quality solar projects located in Iberia. This will allow Galp to become the largest regional solar energy player and will create the basis for the Company's future developments.

The Company should also take advantage of the transformational scenario to adapt its businesses. We will not only increase our productivity and efficiency, but also develop new products and services, supported by digitalisation and technology, fostering innovation and being creative.

Galp is also reorganising its businesses to better respond to the challenges of the sector, as an integrated energy Company, aiming to be closer to our clients and to be better prepared to develop both its renewables and new businesses that will be a relevant part of the Galp of the future.

It is also in this context that the Board of Directors elected in the last Annual General Shareholders' Meeting (AGM) has been reinforced in terms of diversity of gender, background and expertise.

We are convinced that the Company is well prepared to address the current market volatility and the challenges related with the COVID-19 outbreak, and confident on its capability to continue following a sustainable strategy with an increasing focus on capital discipline, project selection and on the continuous application of industry best practices.

Therefore, over the next few years, our ambition is to balance selective investments for growth with a progressive dividend policy, supported on the confidence in the Company's cash generation trajectory.

Confident on this trajectory and given the current strong cash position and solid capital structure, the Board of Directors will propose to the AGM a 10% YoY increase in the dividend payment related to the financial year 2019, of €0.70 per share.

I would like to thank our shareholders for their continuous support and trust as we move forward on this journey. I would also like to express a word of appreciation to our partners for working with us to shape a more sustainable future, and to Galp's team for their outstanding dedication and commitment.



Paula Amorim
Chairman of the Board of Directors



Carlos Gomes da Silva
CEO

Dear Stakeholders,

It is with pleasure that I look back to a year full of opportunities and achievements across the energy value chain.

2019 was again a year marked by commodity prices volatility. This resulted in lower oil and gas prices and a weak refining environment. Furthermore, the sector saw the market evolving towards a growing push into a corporate transparency, awareness and accountability on key environmental, social and governance matters.

Galp responded to these challenges by delivering a strong operational and financial performance, together with renewed ambitions. The Company's strategy has its basis in our integrated energy profile, focused on capturing value from the development of our cash generative, competitive and resilient portfolio, on a strong capital discipline and increased shareholder distributions.

Galp is aware of its role in the energy transition. Our priority is to make sure we perform our activities responsibly and efficiently.

Over 40% of our long-term investments are aimed at capturing opportunities within the energy transition context. This includes increasing the weight of natural gas in our production mix, developing a competitive renewable power generation business and looking into new businesses which could add value to our current activities, aligned with new trends and the transition to a lower carbon economy.

As owners of a competitive upstream portfolio which will sustain our next growth cycle, it is our priority to develop it sustainably. We also reiterate our commitment to improve and increase the competitiveness and flexibility of our downstream operations. In the end everything we do has our final clients in mind. We are making every effort to deliver an attractive integrated offer and improve the customer experience at home, on the road, everywhere and anytime.

STATEMENT FROM THE BOARD OF DIRECTORS

In 2019, we exceeded our goals. This is reflected in the increase in oil and natural gas production, but also in the solid contribution from the downstream, despite the challenging refining environment.

In the upstream, and in Brazil, we already have 10 units producing, after Lula North FPSO and the unit allocated to Berbigão-Sururu West started during the year. This represents a current gross installed capacity of over 1.4 mmbpd. While Lula North FPSO is completing the initial development phase of Lula and Iracema projects, Berbigão-Sururu is the first unit under production in the BM-S-11A licence.

In Angola, we now have two units producing in Kaombo, in block 32, after the second started earlier in the year, which more than offsets the natural decline from the mature block 14.

In Mozambique, Galp and its partners awarded the EPC contract for the first phase of the Rovuma LNG onshore facilities. The project, which will initially comprise two 7.6 mtpa trains will play a key role in the decarbonisation and in rebalancing our portfolio over the next decade.

On the exploration side, we started during 2019 the drilling of the first exploration well in the Uirapuru licence, in Brazil's pre-salt, and in São Tomé and Príncipe and Namibia, we continued the analysis of key seismic data.

The downstream was impacted by a weaker refining environment and maintenance activities. We took advantage of stoppages to continue optimising our operations and to increase the system's energy efficiency and conversion capacity, within the "\$1/boe" initiatives, an upside in the refining margin which we expect to see fully captured during 2020. And we continue to improve our margin extraction and reduce operational costs - a new set of initiatives is being developed aiming to capture an equivalent additional \$0.5/boe.

As the IMO's 0.5% global marine bunker sulphur cap came into force in 2020, Galp has been able to adjust its refining system to fully comply with the specifications of this regulation.

Commercialisation is at the heart of our story, and its contribution to results has been consistent and robust. For this reason, we are now looking at the business from an integrated, cross-selling and multi-product strategy, where oil and non-fuel products, natural gas, electricity and several energy-related services are part of an integrated offer. We propose to further develop this activity, strengthening our position in Iberia, and to increasingly focus on capturing additional value from it and on improving our customers' experience. Additional new value accretive services and partnerships will complement our offer.

We are strengthening our sourcing basket for future gas supply, having recently signed new contracts for the acquisition of NG and LNG from Algeria and Nigeria, respectively, adding to the U.S. and Mozambique LNG which will come to our operations in the future. These will be part of our LNG trading activities in the future, adding to the growing network trading activity in European hubs.

Following our long-announced commitment to develop a sustainable power generation portfolio, during 2019 we secured additional solar power generation licences in Portugal, and more recently, in January 2020, we made a significant move by agreeing to acquire a selection of high-quality solar projects in Spain comprising a total capacity of 2.9 GW.

This move is in line with our strategy, risk and returns profile aimed for this business, and will allow Galp to incorporate over 900 MW of already operating assets with all the remaining capacity with grid interconnection permits and expected to be commissioned between 2020 and 2023. By then, adding up our existing portfolio with the projects to be acquired, Galp will be exposed to the largest solar generation businesses in Iberia, a region where Galp has several synergies to explore with our existing businesses. And this will be the platform to develop this business even further. We should continue to progressively and selectively increase our renewable asset base, which should lead us to 10 GW of installed capacity by the end of the decade.

STATEMENT FROM THE BOARD OF DIRECTORS

Gas and renewables will play a key role in Galp's energy transition path and we are positioning ourselves towards a resilient portfolio. This is also part of our commitment to reducing our carbon footprint.

We remain focused on delivering cash flow growth as a consequence of our developments, and on balancing our investment strategy across the energy value chain with an increasing shareholder distribution, while maintaining our financial discipline.

Looking into 2020 and to the future, we are aware of the market challenges ahead of us, namely of the potential impacts of the current COVID-19 virus outbreak. On this matter, we have been focusing on ensuring the health and well-being of our people and our customers, on maintaining the business continuity in a safe way – ensuring our customers have access to the products and services required and adjusted to an unprecedented context - and on supporting our stakeholders. We are confident that Galp's solid and resilient strategy, strict capital discipline and sound financial position will enable us to face all difficulties and take us further. The times to come will be challenging and our response must be resilient, adaptable and creative.

Galp remains committed to deliver value. This is only possible with the vital contribution from our customers, our suppliers, the communities in which we operate, and our partners, to whom I address my sincere appreciation and recognition.

I would like to conclude by thanking our shareholders for their trust and all Galp's employees for their commitment and contribution to the success of our Company.

A handwritten signature in black ink, appearing to read 'Carlos', with a large circular flourish at the start and a horizontal line extending to the right.

Carlos Gomes da Silva
CEO



ENERGY MOTION

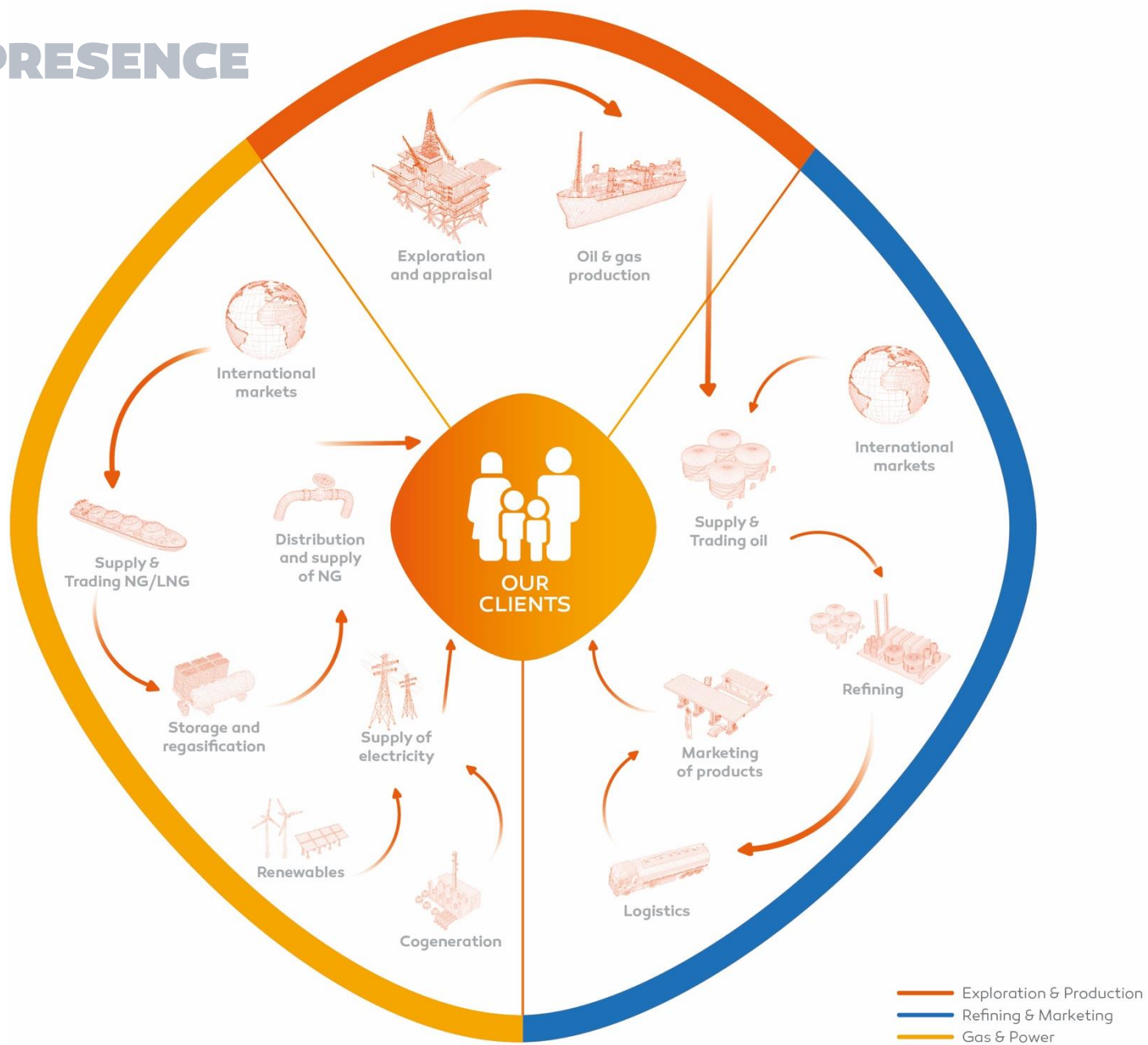
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GALP'S WORLD

Galp is positioned as an energy Company that develops its projects according to the best sustainable practices. In a period of transformation, Galp leverages its continuous growth on team work and strong partnerships.

**ENERGY
IN MOTION**

1.1. OUR PRESENCE





1. Portugal



2. Spain



3. Brazil



4. Mozambique



5. Angola



6. Cape Verde



7. Guinea-Bissau



8. S. Tomé and Príncipe



9. Namibia



10. Kingdom of Eswatini



11. East Timor



Exploration & Production

Our E&P portfolio spans six countries at various exploration, appraisal, development and production stages. These projects span three core areas: the Santos basin pre-salt, in Brazil; Angola and Mozambique.

Refining & Marketing

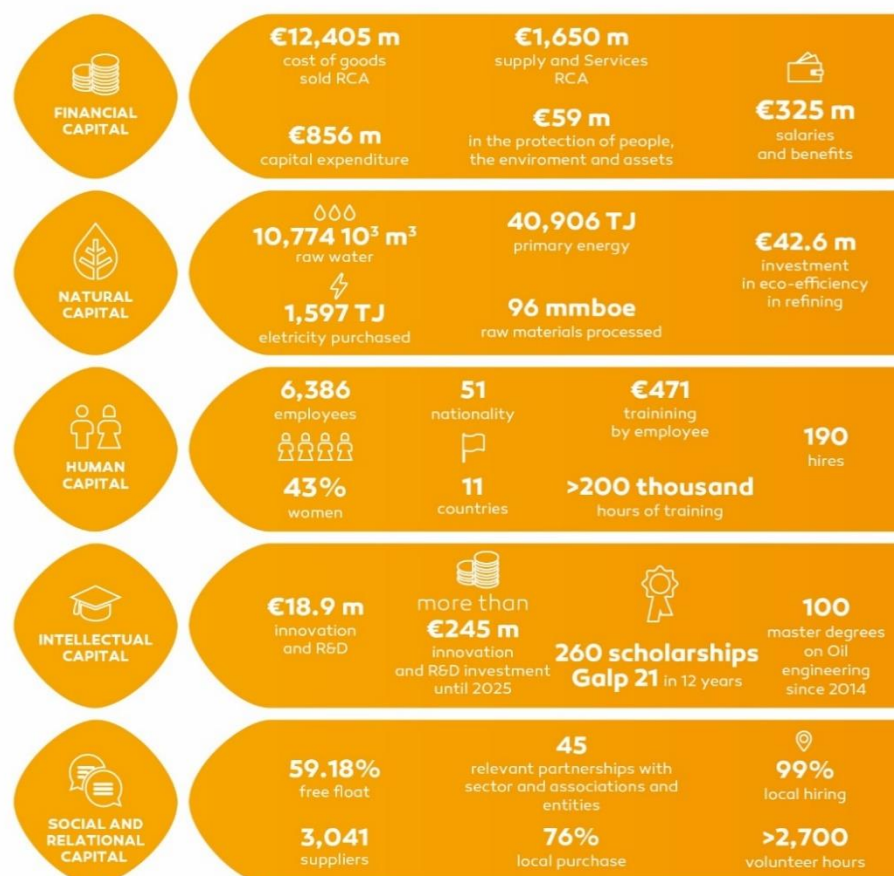
We are a leading player in Iberia, operating across the refining and marketing of oil products activities. We have an integrated refining system and a wide distribution network for oil products in Iberia and in selected African countries.

Gas & Power

The G&P business covers natural gas trading activities in the international market together with supply in Iberia, which has been gradually integrated with electricity generation and supply.

1.2. VALUE CREATION MODEL

Inputs



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

Exploration & Production



6 countries
of which three core: Brazil, Mozambique and Angola
122 kboepd
WI average production
739 mmboe
2P reserves
1,680 mmboe
2C contingent resources
45 projects

Refining & Marketing



330 kbpd
refining capacity
1,465
service stations
16.2 mton
Oil products sales
8.7 mton
sales to direct clients

Gas & Power



>0.6 million
clients
c.173 MW
cogeneration capacity
7.6 bcm
total sales of NG/LNG
4,524 GWh
total sales of electricity

Outputs



1.3. ADDRESSING MATERIALITY

The material aspects of our business are all those that can significantly interfere with our ability to create value for the Company and its stakeholders.

The identification and prioritisation of potential material aspects is an ongoing, robust and mature process at Galp, which guides us in understanding the main challenges and opportunities we face, ensuring the strategic and communication alignment with the most significant aspects.

Potential material aspects

We identify and understand potential material issues through internal and external context analysis, global sectoral and organisational trends and benchmarking with peers and other reference companies.

Engagement of our stakeholders

We seek feedback from our key internal and external stakeholders, in particular their perspectives on the importance of each aspect and their main expectations for the Company's performance. This feedback is obtained through a formal, periodic and systematic consultation process with Galp's stakeholder groups.

In 2019, we assessed over **1,450** stakeholders' expectations regarding the relevance of sustainability key topics.



Shareholders and
Capital Markets



Financial and
Multilateral
Entities



Sectorial
Associations
and Entities



Governmental
and Official
Entity



Technical
Associations



Suppliers



Clients



Research
and Technology



Employees



Media and
Opinion Makers



Local
Communities



Governing bodies



Competitors



Partners

Materiality matrix

We designed our materiality matrix, which was revised in 2019, which prioritises the most relevant aspects from the perspective of key stakeholders (external) and the Company (internal).



OTHER RELEVANT TOPICS

- Corporate governance
- Risk management
- Research, technology and digitalisation
- Product and service portfolio quality
- Product and service innovation
- Sustainable supply chain management
- Fiscal strategy
- Climate strategy
- Circular economy
- Operational eco-efficiency
- Biodiversity and ecosystems
- Water management
- Security
- Health
- Work practices and conditions
- Local community development
- Citizenship and philanthropy

GALP'S WORLD

1.4. CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

1.4. CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Galp is committed to the United Nations 17 Sustainable Development Goals (SDGs), contributing to the implementation of this 2030 world agenda.

Our contribution is focused on the SDGs which we classify as material, through the alignment of our strategy and action, in order to provide a response to these challenges.

We see the 17 SDGs as an integrated set of goals of fundamental importance for a sustainable future. However, within the sector we operate in and given our activities, these goals are of distinct importance: material SDGs, direct SDGs and indirect SDGs.

GALP'S WORLD

1.4. CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Material SDGs - Our Impact on Society

17. Partnerships for the goals

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

13. Climate action:

- Subscriber of the Task-force on Climate-related Financial Disclosures initiative (TCFD)
- Subscriber of the Zero Routine Flaring Initiative by 2030
- 70,163 tonCO₂e of avoided emissions through renewable energy and energy solutions

12. Responsible consumption and production

- €42.6 m invested in ecoefficiency projects in refining
- Acquisition of 100% renewable electricity in our operations in Portugal in 2021
- 15% of reused water in refining

**Material SDG**

7 | 8 | 9 | 12 | 13 | 17

Direct SDG

3 | 6 | 11 | 14 | 15 | 16

Indirect SDG

1 | 2 | 4 | 5 | 10

7. Affordable and clean energy

- 26,601 m³ of biodiesel produced
- 290,886 MWh of renewable energy produced
- 58.8% of marketed electricity from renewable sources

8. Decent work and economic growth

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

9. Industry, innovation and infrastructure

- More than €245 m of innovation and R&D investment planned until 2025
- €18.9 m invested in innovation and R&D
- Founder member of the Singularity University Portugal and partner of the Heriot-Watt University

GALP'S WORLD

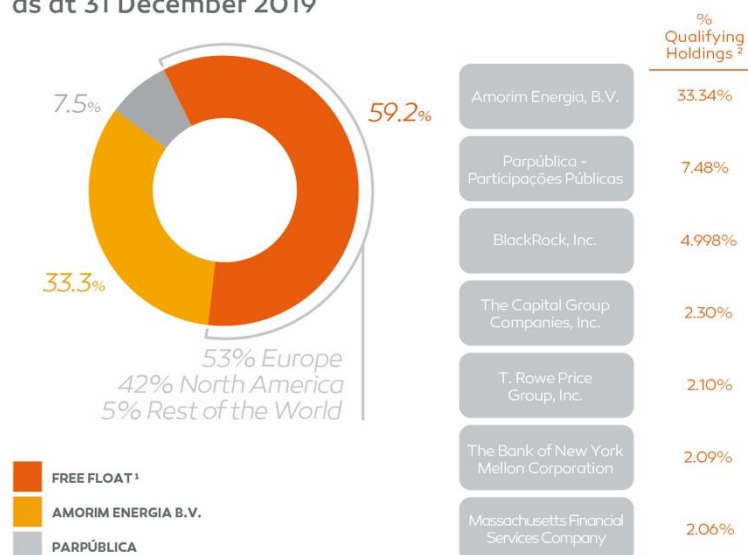
1.5. GALP IN THE CAPITAL MARKETS

1.5. GALP IN THE CAPITAL MARKETS

Shareholding structure and share capital distribution

Galp's share capital comprises 829,250,635 ordinary shares with a nominal value of €1, 93% of which are listed on Euronext Lisbon. Around 7.5% of the Company's share capital is indirectly held by the Portuguese State through Parpública - Participações Públicas, SGPS, S.A. (Parpública). All shares carry the same voting and economic rights.

Shareholding structure and share capital distribution as at 31 December 2019



¹ Number of shares admitted to trading not held by long-term shareholders (closely-held shares)

² The qualifying holdings in Galp's share capital as at 31 December 2019 were calculated in accordance with the Article 20 of the CVM and were communicated to Galp in accordance with Article 16 of the CVM.

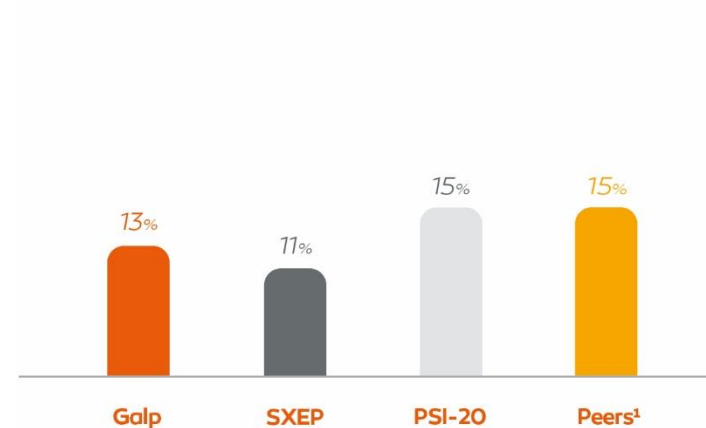
At the end of 2019, approximately 80% of the free float, or 48% of the total shareholder base, was held by institutional investors from 37 countries spanning five continents. The United Kingdom, the United States and France were the most representative countries. Individual investors made up around 3% of Galp's share capital.

For additional information related to the shareholding structure, please see the Part II of this report - Corporate Governance Report, or our [website](#).

Galp's share performance

At the end of 2019, Galp had a market capitalisation of about €12.4 bn, representing an appreciation of 8% compared to the end of 2018. TSR during the year, considering the share appreciation and dividends distributed, stood at 13.4%, outperforming the SXEP (the European index for the Oil & Gas sector).

Total Shareholder Return (TSR) in 2019



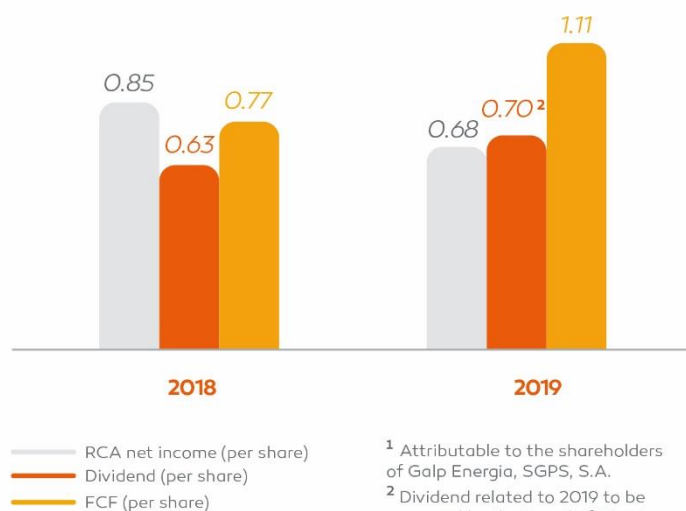
Source: Bloomberg.

¹ Peers: Repsol, OMV, Eni, Total; equally weighted.

GALP'S WORLD

1.5. GALP IN THE CAPITAL MARKETS

Share price @31 December 2018	€13.80
Share price @31 December 2019	€14.90
Minimum price during 2019	€12.50 @15 August
Maximum price during 2019	€15.25 @19 November
Total shares traded	1,411 million shares
Shares traded in the regulated market (Euronext Lisbon)	376 million shares
Daily average of traded shares	5.5 million shares
Daily average of traded shares in the regulated market (Euronext Lisbon)	1.5 million shares

Dividends¹, RCA net income, FCF (per share)

¹ Attributable to the shareholders of Galp Energia, SGPS, S.A.

² Dividend related to 2019 to be proposed by the Board of Directors at the Annual General Shareholders' Meeting

Analyst coverage

Galp's share is currently covered by 26 financial analysts, who produce their research analysis on the Company, as well as estimates of future results.

During 2019, Banco BIG and Bankinter have initiated coverage of Galp's share and Macquarie and Haitong terminated their coverage. Early in 2020, Nau Securities and Oddo BHF also started covering Galp.

As at 31 December 2019, the average target price was €16.0, with 41%, 41% and 18% expressing a Buy, Hold and Sell recommendation, respectively.

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

Dividend distribution

The Company is committed to ensuring that it has the necessary capital to execute the planned investment programme, which is fundamental to the successful execution of its strategy.

Given the Company's current solid capital structure, Galp reiterates its confidence in its financial plan and its commitment to balance high quality investments focused on long-term value creation, with the increase in shareholder distribution.

Considering the cash flow generated in 2019 and the Company's solid capital structure, the Board of Directors will propose at the AGM, a cash dividend of €0.70 per share for the 2019 financial year, in line with the expected progression announced by the Company.

In September 2019, the Board of Directors approved the payment of an interim dividend of €0.31625 per share.

GALP'S WORLD

1.5. GALP IN THE CAPITAL MARKETS

Participation in the Annual General Shareholders' Meeting

Galp's 2019 AGM was held on 12 April, with the main items of the agenda including the election of the company bodies for the 2019-2022 term, namely of the new members of Board of Directors, the approval of the 2018 Annual Report and Accounts, together with the corporate governance report and consolidated non-financial information, as well as resolving on the proposal for the allocation of results for 2018.

In addition, the General Meeting resolved on the new remuneration policy, which reinforces an incentive system that ensures the alignment of the executive directors' interests with the interests of the Company and its stakeholders, based on a long-term sustainable economic and financial view.

A total of 97 shareholders attended the AGM, in person or duly represented, representing 667,185,334 shares, 80.5% of the Company's share capital. All proposals submitted for deliberation were approved.

Information to bondholders

Under the Euro Medium Term Note (EMTN) programme, of which it has been part since 2013, Galp has already issued a total of €1.5 bn in debt.

In January 2019, the Company repaid €500 m related to the first notes issued in November 2013 at a fixed rate of 4.125%. The reimbursement was made using the available cash position.

This programme is part of Galp's financing strategy, which seeks to diversify its sources of funding and extend the average debt maturity.

Debt issuance under the EMTN programme

Title	ISIN	Date of issuance	Maturity	Amount	Coupon	Yield at year end (%)	Chg. since pricing (bp)
Galp 3.000% 01.2021	PTGALJOE0008	14-07-2014	14-01-2021	€500 m	3.000%	-0.11	-324
Galp 1.000% 02.2023	PTGALLOM0004	15-11-2017	15-02-2023	€500 m	1.000%	0.58	-48

1.6. OUR BRAND

Today is a good day to change

Galp's success relies heavily on the level of appeal the brand can generate for the audiences that are most relevant to its activities. And its ability to secure partnerships on crucial business areas depends on the reputation it is able to build.

As such, the brand and reputation are assets which must be managed, calibrated and tuned with as much attention and precision as a refinery or any other business area.

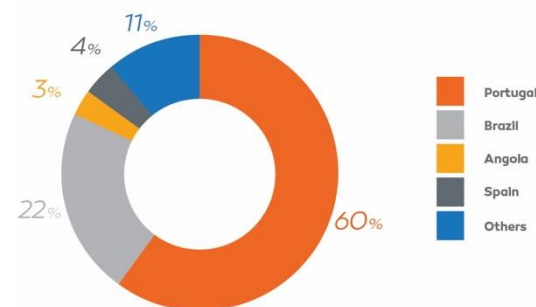
In 2019, the value of Galp's brand was estimated to be €1.3 bn, the second most valuable brand in Portugal according to consulting company Brand Finance, an expert on this type of indicators.



Source: Brand Finance.

Galp is the leader among companies in the national benchmark stock market index, PSI-20, as well as among companies in the energy sector.

Brand Value Split – Geography



Source: Brand Finance.

In terms of reputation, the attributes that contribute the most to the Company's value are the economic performance and the quality and efficiency of its products. In strategic terms, the priority is to strengthen the foundations of emotional connection and to build a brand which is not just efficient, but also has a soul that customers can relate to.

This is where the "Today is a good day to change" movement comes in.

Leveraging change, the Company is already embracing in favour of a low carbon economy, a project to challenge society was devised and launched. Considering change is within everyone's reach and its impact will be greater the more people get involved, Galp is challenging each person to integrate small changes in their daily lives. Simple gestures and behaviours that are accessible to everyone. Whether it is in our small routines at home, the way we relate to each other, our ability to adopt small gestures that improve our community; or our effort to switch to more sustainable behaviours. If small gestures count, we can begin to change right now. We don't need to postpone what we can start right away. In other words: today is a good day to change.

Along with the challenge of this change, the brand bolstered its investment in music by becoming the main sponsor of one of the best music festivals in the world, the iconic Rock in Rio – an event aimed at a family audience and known for the social

GALP'S WORLD

1.6. OUR BRAND

causes it tackles, as well as by increasing the visibility of many of the festivals and initiatives we have already been partnering with for a long time.

Such are the cases of the Galp Beach Party in Matosinhos (the biggest beach party in Europe), the Festival Músicas do Mundo in Sines, which we have sponsored for 20 years, and the Festival Internacional Música Marvão, an essential destination for fans of classical music.

Music represents a place where people want to be and where they feel their emotions intensely. In this context, their relationship with the brands around them is more open and available, and the fact that they are willing to go through these experiences allows us to get close and make an impression on each person we contact with, thus gain a level of relevance we did not have before.



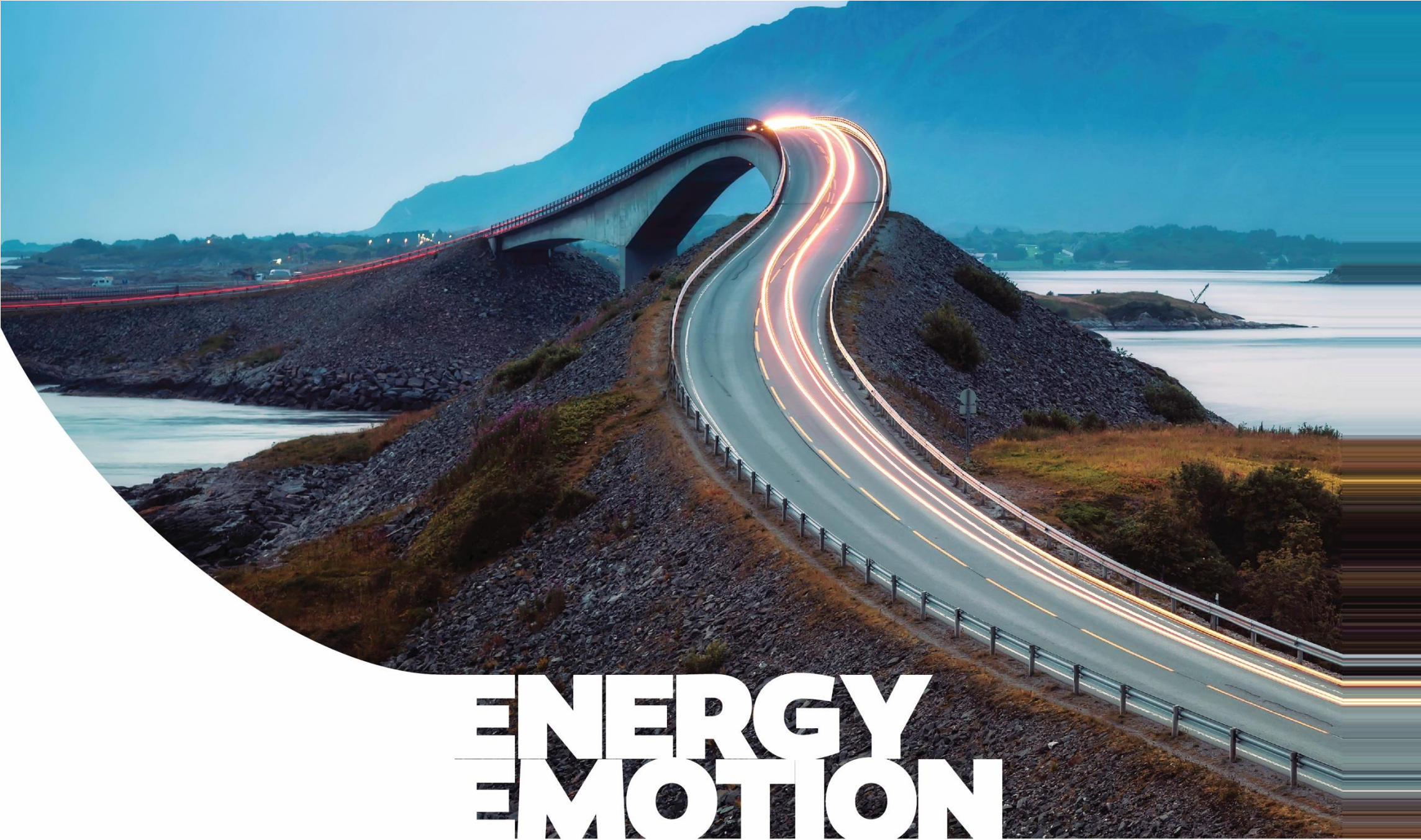
It is in this context that we embrace music as a stage to display how much of a presence we have - as a brand - in people's lives.

We have also sponsored the Portuguese National Football team for the past 20 years. This has been a prime vehicle in allowing us to convey emotional messages, showcasing a Galp's brand that is aligned with its public's passions. Especially now that we are swiftly approaching a European Championship, which we enter under the unprecedented condition of defending Champions.

We replicated this strategy in Mozambique, where, this year, we became sponsors of the Mozambican National Football Team.

These investments have already allowed us to strengthen the Company's reputation pillars, reflected on Galp's global index, which has been continuously improving since 2017. The value of brand equity has also been continuously rising.





ENERGY EMOTION

02

STRATEGIC FRAMEWORK

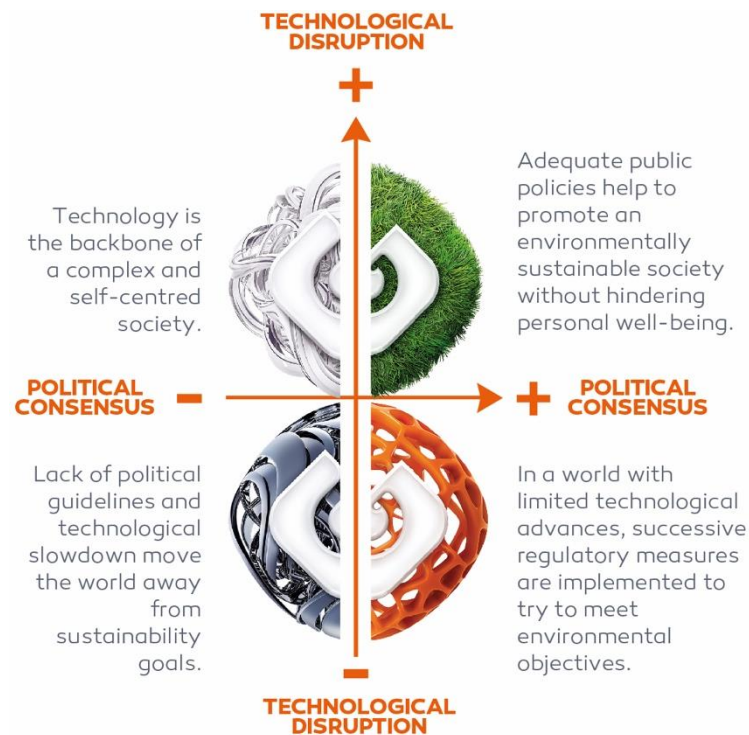
The development starts in the energy we have to take our aspirations further and make the difference through innovation and technology.

**ENERGY
IN MOTION**

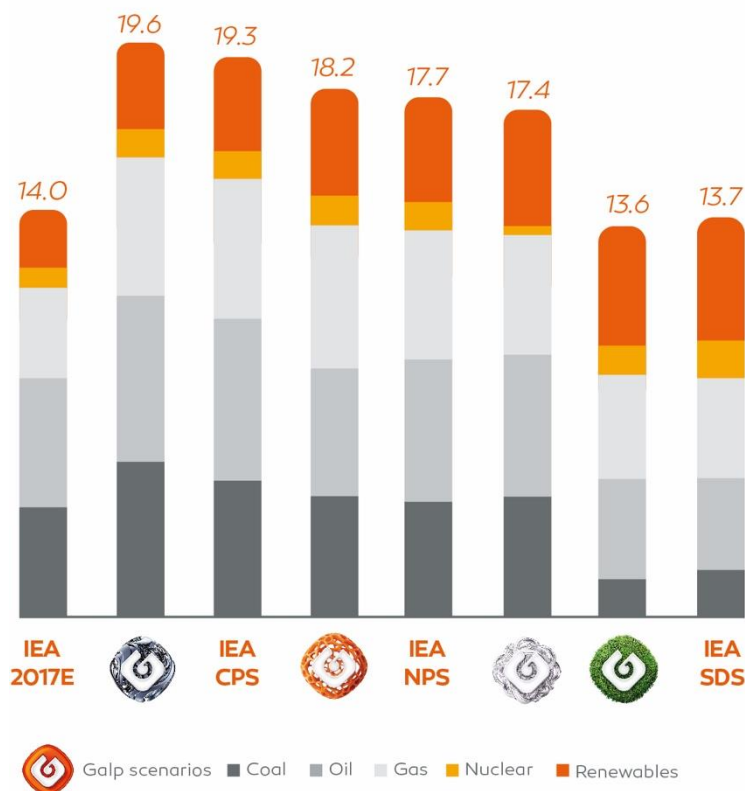
2.1. HOW WE PLAN THE FUTURE

We live in a complex world, marked by enormous challenges, particularly in the energy sector. Climate change and technological innovation has led to a very dynamic and diverse regulatory environment. The way in which these factors develop and relate to each other will be decisive for the evolution of consumption profiles and the resulting change in the energy mix in each geography.

Willing to be part of the solution to many of these challenges, we seek to ensure the resilience of our strategy to different credible futures. We have developed four contrasting and alternative scenarios, with varying levels of technological disruption and regulation, which we consider to be critical uncertainties for the energy sector and seek to anticipate the dynamic relationship between consumer needs and desires and the mechanisms the energy sector finds to satisfy them.



Total primary energy demand mix in 2040 by scenario (bn toe)



Black Scenario: Lack of policy guidance and technological slowdown move the world away from sustainability goals.

Current greenhouse gas emissions have significantly exceeded the global limits that are considered reasonable and world

leaders are unable to reach a new consensus on environmental policy. After a sense of failure and impotence, a new generation of politicians promoted adaptation instead of mitigation and the sense of urgency regarding climate issues faded away.

Emerging economies continue to insist on their own right to foster growth by harnessing cheap and abundant energy sources, while developed countries implemented protectionist measures and sets limits on migration flows to fight long-term unemployment and social instability.

World demand for energy continues to be based on conventional technologies and fossil resources, and energy intensity has not been significantly reduced. Air pollution is one of the major problems facing large urban centres, but there have been no structural changes that would allow for a substantial reduction in emissions.

Restrictions on city traffic abound, not only for environmental reasons but also to avoid congestion, and the lack of investment in the public transport network leads to the spread of private shared-mobility solutions. Limited solutions for EV charging and long hours in traffic jams have also hindered electric mobility growth, with NGV becoming the best option to avert urban pollution.

Several nations with unconventional oil and gas resources have created strong local industries, making it difficult to make a political decision to eliminate fossil sources. Due to the lack of technological development and inadequate policies, renewable energies cannot become truly competitive and remain a niche solution in developed countries.



Yellow Scenario: In a world of limited technological advances, successive regulatory measures are implemented to try to meet global environmental goals.

The collective commitment made by major nations to set greenhouse gas emission limits by the end of the century has been renewed year after year by policy makers and transposed into each country's regulations.

In the absence of an accelerated energy transition, the restriction on fossil fuel consumption has been promoted by regulatory influence, notably through the implementation of quotas, rising CO₂ prices and heavy investments in energy efficiency. CO₂ accountability spread to every activity, changing the way people travel, eat or dress and forcing more sustainable – and affordable – lifestyles.

Natural gas has played a pivotal role in replacing coal as the chief source of primary energy for electricity generation because of the limited advances in the development of battery technology. Green hydrogen, although still expensive, has been gradually promoted as a solution for the decarbonisation of the energy sector.

In most countries, heavy public investment led to increased public transport services and city planning measures implemented micro-mobility solutions and set restrictions on car traffic.

Due to the bans or severe limitations on the use of internal combustion vehicles in cities, urban mobility is based primarily on electric vehicles, although the short battery life prevents them from being a real alternative for long trips or a solution for heavy-duty vehicles where natural gas and hydrogen have been replacing diesel.

The price of aviation fuel has been significantly aggravated by CO₂ rates and biofuel incorporation obligations. Rail is gaining importance as an alternative, with several high-speed lines replacing air transport for regional connections.



Blue Scenario: Technology is the backbone of a complex and self-centred society.

Continuous technological acceleration created social and political shockwaves that led to the fragmentation of society and the strengthening of more informal hierarchies and power mechanisms. With most of the world's population now living in large cities, these have become new city-states, while rural areas are virtually deserted. This new framework prevents the formation of a global political consensus and environmental

concerns are mainly addressed locally through the fight against pollution in large urban areas.

Public policy makers, unable to keep up with the dynamics of society, have often renounced their historic regulatory role and integrated market balance monitoring no longer exists. Urban transport is mainly provided by private companies, who offer customers the most assorted alternatives for collective and individual transport, ranging from simple hoverboards to sophisticated drones which shorten the distances across the skies of big cities. Almost all these solutions are electrical, with wireless hyper-chargers and super-batteries making the charging process almost seamless.

The world is undergoing a process of continuous digitisation and resulting dematerialisation, with tools such as blockchain, the internet of things and 3D printing becoming increasingly accessible, resulting in a higher demand for electricity, generated from a mix of fossil and renewable sources based on the economic competitiveness of each solution.

The global mobility of people was strongly influenced by virtual and augmented reality, which replaced a significant part of face-to-face meetings and training sessions, congresses and seminars, and has even created a niche market for virtual tourism. There has also been a rise in remote work, which has enabled many employees to go to the office only occasionally and corporate premises to be significantly downsized.

Most goods – in homes, cars, clothing and even food – generate some kind of data, causing a burst of information flow and associated energy demand. The sharp reduction in the cost of renewable energy sources, coupled with large-scale storage solutions, has favoured the proliferation of these alternatives and the multiplication of off-grid systems, with many buildings, neighbourhoods and factories becoming energy independent. This trend leads to the underfunding of public electricity grids and a less orderly and more decentralised electricity system.



Green Scenario: Appropriate public policies help to foster an environmentally sustainable society without affecting living standards.

Politicians, entrepreneurs, and academics from all walks of life have worked together over the past few decades to develop a global programme to eliminate fossil fuels by the end of the century. Appropriate public policies with strong technological entrepreneurship have significantly increased the renewable energy share in the energy mix as well as energy efficiency, lowering carbon intensity to historic levels and attaining the emissions goals set for the second decade of this century.

A mix of electricity, green hydrogen and synthetic fuels, powered mostly by hydro, wind and solar, allowed for a deep decarbonisation of society. The term «Sustech», which combines sustainability and technology, was considered the word of the year, symbolically representing the new global paradigm of a more balanced world.

The advent of tailor-made production solutions in the “factories of everything”, which were the outcome of technological advances in robotics, materials and artificial

intelligence, allowed the production of goods to be brought closer to consumption centres, reducing the energy footprint of the global flow of goods. The food industry also underwent structural changes, redirecting itself to less energy-intensive products, as a result of behavioural changes and progress in genetic manipulation. The best example of this change was the strong growth of the hydroponics industry, which allows the production of food within urban areas.

Heavy public investment in the modernising the road infrastructure has made it possible to accelerate the transition to autonomous vehicles, gradually reducing the number of manned vehicles. This revolutionary change made it possible to reduce road accidents and contributed positively to the economy through the additional productivity of increased life expectancy and savings in health expenses and vehicle repair costs.

Widespread autonomous vehicles, together with the multiple mobility management solutions available also caused a shift in the transport ownership paradigm. Most people in urban areas select their means of transport according to their needs and do not concern themselves with its operational management, which is dealt with by specialised companies.

This scenario is in line with the IEA’s Sustainable Development Scenario.

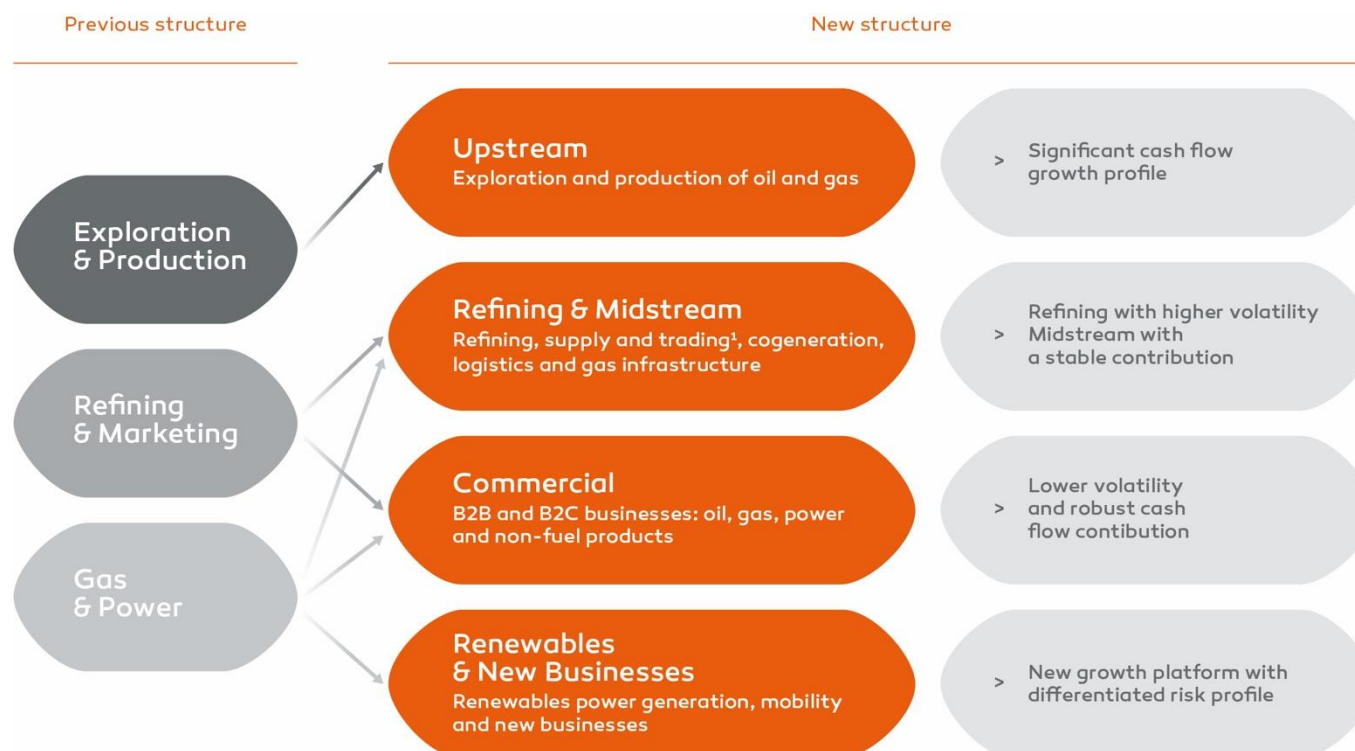
2.2. OUR STRATEGY

We work for Galp to be a resilient and agile Company, prepared for a complex and dynamic world, with a strategy that reflects an integrated energy company focused on the development of sustainable and value generators businesses, with the final purpose of improving the lives of our customers.

Reshaping the organisation

We have restructured our organisation in order to better capture the full potential of each business, according to its characteristics, cash contribution and risk profiles.

The new structure will consist of four business units: an upstream division (unchanged), a Refining & Midstream unit, incorporating the refining and logistics business as well as the Group's oil, gas and power supply and trading activities, a Commercial unit which will integrate the entire offer to Galp's clients, and a new unit embedding the Group's Renewables & New Businesses.



¹Supply and trading of oil, gas and power.

Galp's strategy is based on the execution of our competitive upstream portfolio, an efficient and dynamic refining and midstream activity, a commercial business focused on the needs of our customers, and on the development of a profitable renewable portfolio and new business models, supported by innovative and differentiating solutions that promote the transition to a low carbon economy.

Our capital allocation guideline foresees the investment for growth across the energy value chain, with over 40% of future investments expected to capture opportunities coming from the energy transition. This growth path should further stimulate value creation that should continue enabling incremental shareholder returns.

This strategy is built on sound financial strength and a customer-centric and partnership-prone organisational culture. We are continuing to build a more agile, innovative and technologically evolved corporate environment that prepares us for the challenges and dynamics of the energy sector against a backdrop of major uncertainty and complexity.

We are committed to applying the best ESG practices in the pursuit of our activities, acting ethically and responsibly, involving relevant stakeholders in each decision, valuing our human capital, managing the risks and opportunities arising from the relationship between energy and climate, ensuring the protection of people and the environment in our operations and fostering a culture of innovation and technology.

Upstream

Galp is committed to developing its value-focused E&P strategy by optimising and maintaining its portfolio competitiveness, while delivering a strong and sustained cash flow, based on its high-quality assets that can deliver an above-average production growth of around 10% p.a. until the end of the decade.

The strategy is based on: (i) protecting value through a proper execution of ongoing projects, on time and budget, and selecting the best development options, (ii) maximising potential of current portfolio by increasing recovery factors and

cost efficiency, (iii) ensuring a balanced exposure to natural gas and (iv) selectively identifying opportunities in places where there is a competitive edge or strategic angle, so as to maintain the resilience and competitiveness of future production.

Refining & Midstream

Galp will focus on adapting its refining system to future market needs, simultaneously increasing efficiency, flexibility and reducing its carbon intensity.

Our industrial system will pursue a strategy to continuously adapt to the European effort to promote circular economy, decarbonisation and energy transition, remaining a regional reference in this transformation.

Our natural gas business is expected to take advantage of existing opportunities in the global gas market, continuing to identify and develop new markets and ensure the maximum value of the natural gas and LNG portfolio.

Commercial

Galp is focused on optimising the integrated offer of services and products, adapted to new consumption patterns, in an open, digital and sharing economy. In order to better achieve this goal, we integrated throughout 2019 the entire commercial offer of B2B and B2C segments into one single business unit. We also want to improve our operational performance and our customers' experience, by developing internal talent and using the best technological tools on the market. We believe that this approach will help us assess the needs of our customers better and propose satisfactory solutions for them.

With regard to mobility, we wish to continue being a reference for our customers. We know that each specific need will translate into a different solution for sustainable mobility. We work to ensure that, for each of them, we will have an offer that is adjusted to our customer's journey. The expansion of our electric mobility business follows on from this, creating important synergies with existing products and services.

For homes, buildings and cities, we intend to continue transforming our operations, offering solutions that improve each community's standard of living, boosting energy efficiency and reducing costs.

Renewables & New Businesses

The global challenge of decarbonising our society requires all economic activities and, the energy sector in particular, to conduct a thorough review of its own processes. The goals of the Paris Agreement, the intention of several countries to achieve carbon neutrality in their economies and the way these objectives are being pursued across the globe will be key in establishing the strategies of companies worldwide.

Galp aspires to take an active role in shifting the energy paradigm, namely by anticipating new trends, adapting its portfolio to future needs, exploring synergies with its current Iberian activities and by promoting a progressive reduction of its carbon intensity.

The ongoing digital transformation has set the scene for innovative products and services to replace the previous alternatives, with clear benefits for people in general. In order to materialise these opportunities, we intend to identify new value pools in which we can be a reference for the market, develop new business areas and try out different solutions for our customers. We are looking for new answers to the challenges of mobility, namely urban, using technological tools that allow intelligent fleet management and integrated urban planning systems.

Galp aims to develop a profitable renewable power generation business, with 10% to 15% of the Group's future investment to be allocated to those activities as well as to new businesses that could be scaled up.

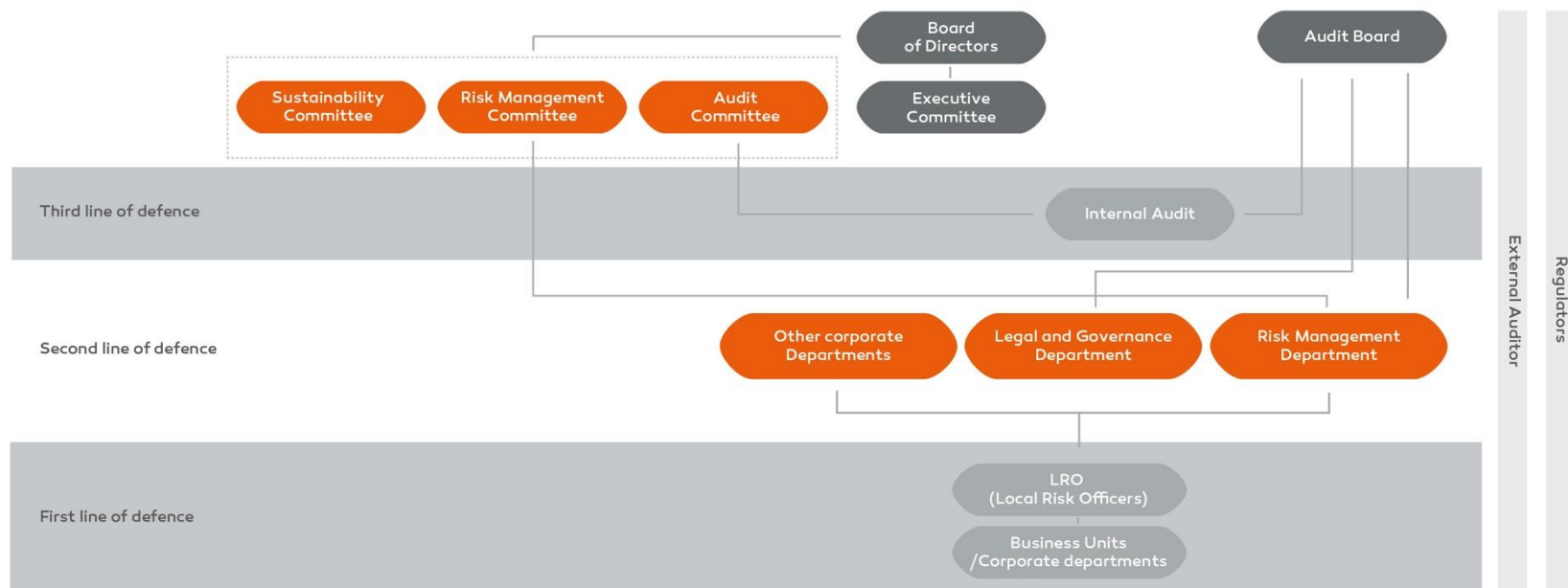
We will expand our renewables' business leveraged on proven technologies, like solar PV, and taking advantage of the existing natural hedge to our power commercial activity in Iberia. Galp's renewable portfolio consists of 3.3 GW capacity to be installed and operating by 2023, and with a longer-term ambition to reach around 10 GW by 2030, starting in Iberia but looking to explore opportunities in other regions where we believe to have competitive advantages. We will also support our customers in this transition, developing decentralised generation solutions, tailored to their needs.

We will continue investing in innovation, research and technological development, which are crucial for extracting value from our assets and for the creation of new business models, thus fostering the sustainability of the Company and the communities in which it operates.

2.3. HOW WE MANAGE RISK

Galp has developed a three-pillar risk management model: (i) risk culture; (ii) governance and norms; and (iii) risk management process (three macro activities).

The risk management model follows the COSO (Committee of Sponsoring Organizations of the Treadway Commission) method and is structured according to the three lines of defence method shown in the figure below:



STRATEGIC FRAMEWORK
2.3. HOW WE MANAGE RISK

The risk management system is implemented by way of an integrated, ongoing dynamic process which involves Galp's business units and corporate areas. It is based on the Risk *Management Policy* and the Internal Control Handbook approved by the Board of Directors.

Galp's main risk classes, which are described in detail in Part II of this report - Corporate Governance Report - are summarised in the table below.

Galp takes the view that the transition to a low carbon economy creates opportunities but may also have potential repercussions for its business model, either as a result of regulatory changes or shifts in consumption and technological patterns.

Risk Classes	
Price	Galp's assets and results are dependent on various market factors, including the price of oil products, natural gas, LNG and electricity, as well as foreign exchange and interest rates.
Legal	Legislative and regulatory changes may alter the business context in which Galp operates.
Assets	The execution of Galp's strategy may be affected if Galp is unable to develop, maintain or manage an efficiently high-value asset portfolio.
Logistics chain	The reliability of assets and the efficiency on their operation are a decisive factor for Galp's competitiveness.
Market	In a highly competitive environment, Galp's ability to react to competition is crucial for ensuring good financial performance and reaching strategic goals.
IT & Cybersecurity	A breach of Galp's digital security or breakdown of its digital infrastructure may affect its operations, increase its costs and affect its reputation. The integrity and readiness of our systems are also crucial for our activities.
Project execution	Galp's organic growth and results are dependent on the execution of its main investment projects.
Geopolitics	Exposure to political developments and the resulting changes in operating environment can undermine the operations and adversely affect the value of Galp's assets and its results.
Business Continuity	The failure to react effectively to crisis situations or disruptions may be damaging to Galp's activity, reputation and shareholder value.
Credit	The exposure to credit risk may significant and adversely affect Galp's operational results and financial situation.

STRATEGIC FRAMEWORK

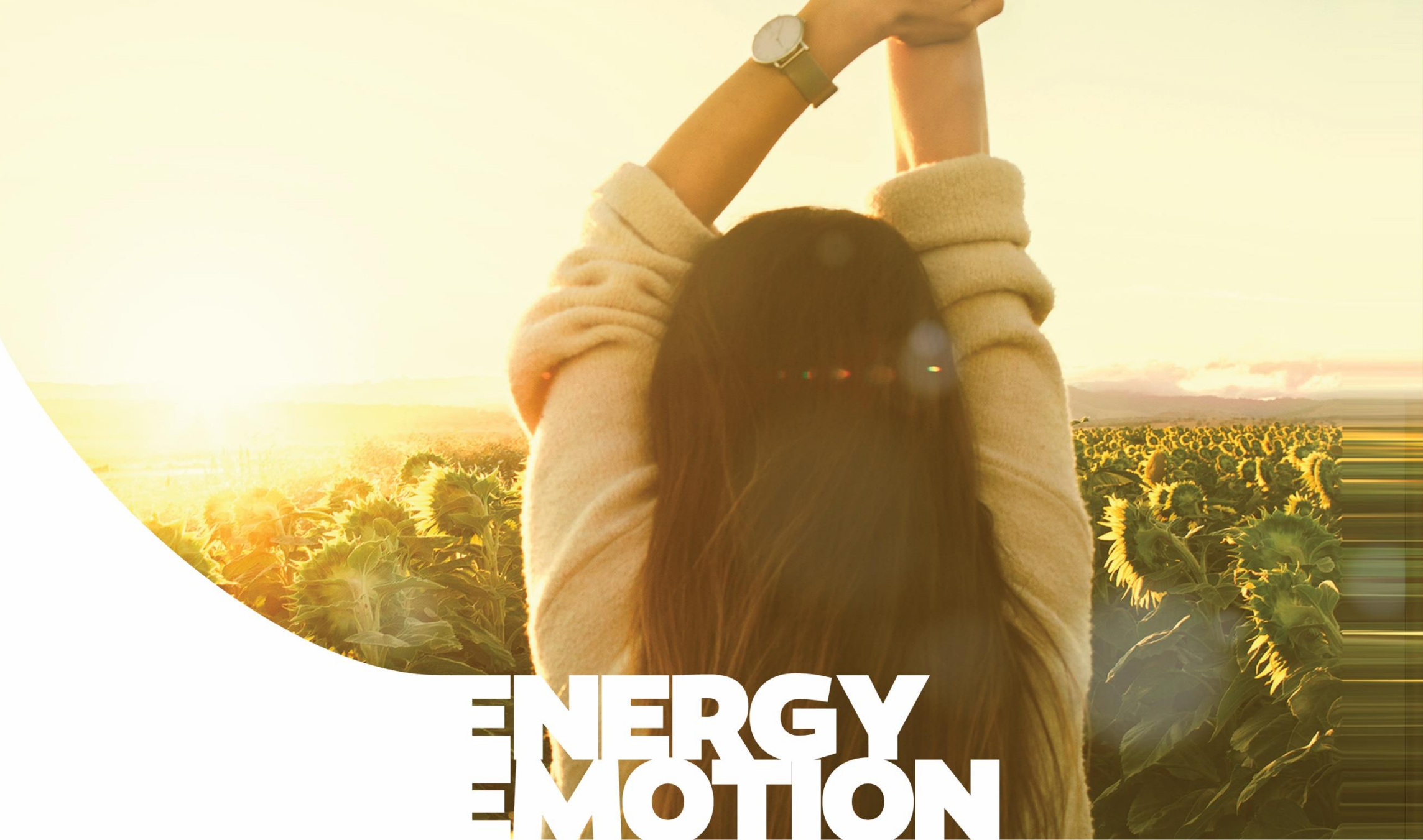
2.3. HOW WE MANAGE RISK

Our Risk Management department performs a recurrent assessment of Galp's risk profile and of the value at risk. The screening and prioritisation of the above-mentioned risks can be represented in "probability x impact" metrics matrices.

Risks - general vision

Top 10 risk classes





03

STRATEGIC EXECUTION

To transform perspectives into objectives it is necessary to act, face challenges and use the right energy to surpass them.



**ENERGY
IN/MOTION**

3.1. 2019 HIGHLIGHTS

Investment strategy aligned with the energy transition

Galp is developing a resilient portfolio, with over 40% of its planned investments to be allocated to projects that promote the energy transition. The Company will foster economically and environmentally sustainable solutions, reinforcing its investment strategy in renewable energies and in new business models (10% to 15% of future investments), as well as increasing the weight of natural gas in its portfolio.

The Company's capital allocation guidelines rely on a growing cash generation trajectory to support a selective re-investment for growth strategy, balanced with a progressive shareholder distribution and while maintaining a strict financial discipline.

Reshaping the organisation to better reflect the uniqueness of each business

During 2019, Galp reorganised its business units, and from 2020 the Company will be reporting according to the updated business segments. The new reporting structure will consist of four business units: an Upstream division (unchanged), a Refining & Midstream unit, incorporating the refining and logistics business as well the Group's oil, gas and power supply and trading activities, a Commercial unit which will integrate all product and services' offer to Galp's clients, and a new unit embedding the Group's Renewables & New Businesses.

Recognised for its sustainable practices

Galp's commitment to creating value by applying environmental, social and corporate governance best practices was once again acknowledged by key leading independent reputable organisations. In the Dow Jones Sustainability

Indices (DJSI), Galp ranked first in its sector in DJSI Europe and third in DJSI World. In the FTSE4Good index, our overall score was in the top percentile (100) and we achieved the top score for governance. We have also been recognised by CDP, Oekom and the Ethibel Sustainability Index.

Completion of the first phase of the Lula and Iracema projects

With the start of production of unit #9 in the Lula North area in February, the BM-S-11 consortium has successfully completed the initial development phase of the large Lula and Iracema projects. With nine units in production, the combined installed production capacity reached c.1.3 mmbpd, making Lula and Iracema the most productive projects in Brazil.

10 FPSOs operating in Brazil in less than 10 years

FPSO Cidade Angra dos Reis, the first unit to start developing the world-class reservoirs of the Lula and Iracema projects, began operating in the Lula Pilot area in 2010. Just nine years later, Galp and its partners have successfully deployed its 10th unit in the Brazilian pre-salt polygon. FPSO #10 will develop the high-quality and low-sulphur resources from the Berbigão and Sururu accumulations and will be an important contributor to Galp's future production growth.

EPC contract award for the Rovuma LNG Phase I in Mozambique

After the Government of Mozambique approved the development plan submitted in 2018, Galp and its Area 4 partners awarded the EPC contract for Phase I of the Rovuma LNG onshore facilities to a worldwide leading contractor. The Rovuma LNG is a key project in Galp's strategy for a lower carbon portfolio mix.

Improving energy and operational efficiency in the refining system

During 2019, Galp implemented several projects to increase the system's energy efficiency and conversion capacity, as part of the “+\$1/boe” initiatives. One of these projects focused on revamping the heat exchangers at the atmospheric distillation unit in the Sines refinery, which will enable significant energy consumption savings.

Supplying new marine bunker fuels compliant with the International Maritime Organization's (IMO) 2020 regulation

Galp successfully adapted its refining system during 2019 and started in November to supply the new marine fuel (VLSFO), which contains a maximum sulphur content of 0.5% and is compliant with the new IMO regulation.

Signing of new long-term NG/LNG sourcing contracts

Galp established a 10-year agreement with Sonatrach to ensure the sourcing of 2.5 bcm of natural gas per year from Algeria to Iberia. Early in 2020, the Company agreed on another 10-year agreement for the sourcing of 1.0 mtpa of LNG from Nigeria. These contracts are in line with Galp's commitment to develop efficient and environmentally sustainable energy solutions.

Building a strong renewable power generation position in Iberia

During 2019 and early in 2020, Galp continued to strengthen its position in renewable power generation by acquiring solar PV licences both in Portugal and Spain. In January 2020, Galp agreed to acquire solar PV projects in Spain, comprising a total

generation capacity of c.2.9 GW by 2023, of which over 900 MW are already operational.

Strengthening the power offer through renewable power purchase agreements (PPA)

Galp has strengthened its commercial portfolio to provide renewable power to its customers by establishing two PPAs in Spain, with X-Elio and Grenergy Renovables. Galp's total renewable power provided through PPAs now amounts to over 650 GWh per annum, in line with the strategy of securing a balanced and competitive long-term sourcing portfolio for its power activities.

Promoting integrated mobility solutions

Galp is promoting a fully integrated solution and charging infrastructure for electric vehicles. Flow, a start-up embracing the challenges of Software as a Service, provides end-to-end mobility solutions to fleets and cities to revolutionise mobility by reducing costs and the ecological footprint.

Reinforcing Galp's brand positioning

During 2019, Galp sponsored several initiatives mainly in music and education. The Company will be the main sponsor of the next two Rock in Rio festivals in Lisbon, one of the highest impact events in Portugal. In the area of education, Galp sponsored the “Global Teacher Prize” and promoted educational projects related with energy and sustainability for children. This sponsorship is another important milestone in a clear and focused strategy to further enhance Galp's people centric approach.

STRATEGIC EXECUTION

3.1. 2019 HIGHLIGHTS

Market indicators

	2018	2019
Average exchange rate EUR:USD	1.18	1.12
Average exchange rate EUR:BRL	4.31	4.41
Dated Brent average price (\$/bbl)	71.3	64.2
Heavy-light crude price spread (\$/bbl)	(1.4)	(0.6)
Iberian MIBGAS natural gas price (€/MWh)	24.3	15.4
Dutch TTF natural gas price (€/MWh)	22.8	13.6
Japan/Korea Market LNG price (\$/mmbtu)	9.8	5.5
Iberian oil market (mton)	65.3	65.6
Iberian natural gas market (mm ³)	35,502	40,124

Financial indicators

€m (except otherwise stated)

	2018	2019
RCA Turnover	17,182	16,570
RCA Ebitda	2,218	2,381
IFRS Ebitda	2,311	2,219
RCA Ebit	1,518	1,387
IFRS Ebit	1,629	1,232
RCA Net income attributable to the shareholders of Galp Energia, SGPS, S.A.	707	560
IFRS Net income attributable to the shareholders of Galp Energia, SGPS, S.A.	741	389
Capital expenditure	899	856
CFFO	1,594	1,890
Post-dividend free cash flow	142	232
Net debt	1,737	1,435
Net debt to RCA Ebitda	0.8x	0.7x
Dividend per share (€/share)	0.6325	0.70 ¹

¹ Dividend related to 2019 to be proposed by the Board of Directors at the Annual General Shareholders' Meeting.

Acknowledgements

MSCI
ESG RATINGS



MEMBER OF
Dow Jones
Sustainability Indices
In collaboration with

SAM
Sustainability Award
Silver Class 2020



Corporate ESG
Performance
ISS ESG Prime

3.2. EXPLORATION & PRODUCTION

2019 Highlights

- Average working interest (WI) production of 122 kboepd, a 14% increase year on year (YoY), driven by the continued development of the Lula project in Brazil and the ramp-up of Kaombo in Angola.
- Start of production on February 2019 at FPSO #9 in the Lula North area, the last unit to be deployed within the first phase of development of the Lula and Iracema projects.
- Brazil's FPSO #10 started production in the Berbigão and Sururu accumulations, marking the beginning of a new high-quality project in the Brazilian pre-salt, which will support Galp's continued growth trajectory in the region.
- Brazil's National Agency of Petroleum, Natural Gas and Biofuels (ANP) approved the Unitisation Agreements related with the Lula accumulation, effective from 1 April, and, in August, the Atapu and Sépia accumulations that became effective in September.
- At the end of 2019, the Declaration of Commerciality for the Bacalhau discovery was submitted to ANP and, already in 2020, the FEED contracts were awarded for the project' Phase I.
- Kaombo South FPSO, the second unit deployed in block 32 in Angola, was an important contributor for production growth during the period.
- The Government of Mozambique approved in May the Development Plan for the Rovuma LNG project and the Area 4 partners awarded the midstream EPC contract for the project's Phase I to the JFT consortium.
- Prospective works in block 6 in São Tomé and Príncipe and conclusion of 3D seismic data acquisition in PEL 83 in Namibia.
- 2P reserves decreased 2% to 739 mmboe by year end; 2C contingent resources increased 1% to 1,680 mmboe.

Key Figures

	2018	2019
Nº of employees	238	218
1P reserves (mmboe)	389	404
2P reserves (mmboe)	755	739
1C reserves (mmboe)	425	498
2C reserves (mmboe)	1,658	1,680
Average working interest production ¹ (kboepd)	107.3	121.8
Average net entitlement production ¹ (kboepd)	105.9	120.0
E&P carbon intensity ² (kgCO ₂ e/boe)	10.1	9.4
Oil and gas realisations - dif. to Brent (\$/boe)	(8.7)	(7.3)
Production costs ⁴ (\$/boe)	8.2	3.6
DD&A ³ (\$/boe)	10.1	14.4
RCA Ebitda ⁴ (€m)	1,440	1,751
RCA Ebit ⁴ (€m)	1,109	1,189
CFFO (€m)	990	1,133
Capital expenditure (€m)	622	600

Note: unit values on a net entitlement basis.

¹ Includes natural gas exported; excludes natural gas used or reinjected.

² Considers 100% of emissions from oil and natural gas production from operated blocks and the working interest from non-operated blocks. Industry average c.18 kgCO₂e/boe (Source: IOGP 2018).

³ Includes abandonment provisions and excludes exploration expenditures written-off.

⁴ As of 1 January 2019, Galp adopted the IFRS 16 accounting standard. 2018 figures were not restated according to this accounting standard.

121.8 kboepd

AVERAGE WI PRODUCTION

45

E&P PROJECTS

2.4 bn boe

2P RESERVES AND 2C RESOURCES

Evolution of reserves and resources

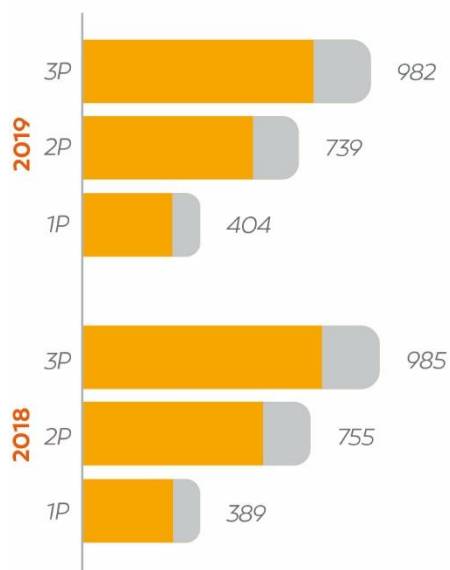
In 2019, proved and probable (2P) reserves decreased 2% YoY to 739 mmboe, mostly reflecting the production during the period, despite Sépia's addition into reserves. Natural gas reserves remained stable YoY and accounted for 21% of total 2P reserves.

The 2C contingent resources increased by 1% YoY to 1,680 mmboe, as upwards revisions in Brazil, namely in block BM-S-8, more than offset Sépia's move from resources to reserves. Natural gas resources accounted for 51% of the total 2C resources.

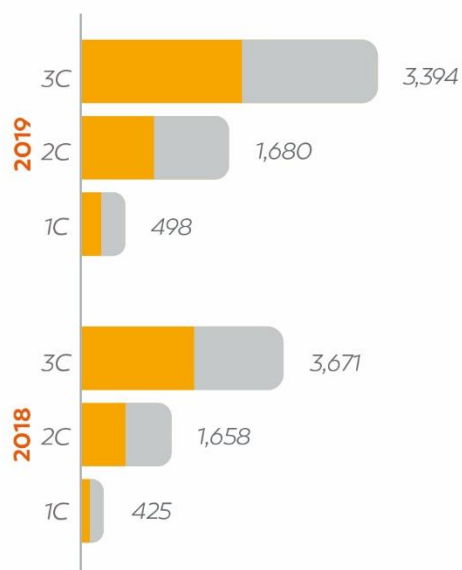
Risked prospective resources at year-end stood at 766 mmboe, up 143 mmboe YoY, mostly driven by new additions in São Tomé and Príncipe.

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

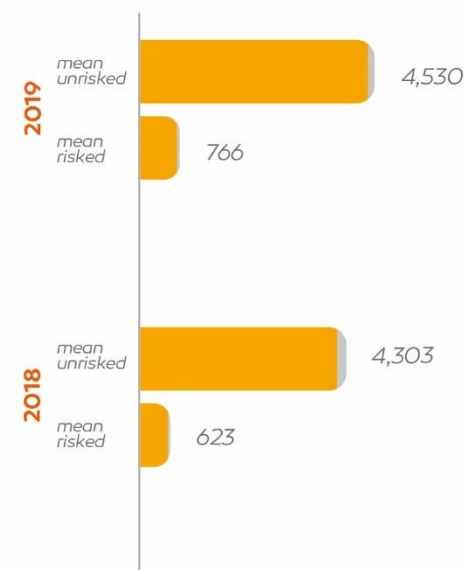
Reserves (mmboe)



Contingent resources (mmboe)



Prospective resources (mmboe)



Oil
Gas

Note:

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

2019 production overview

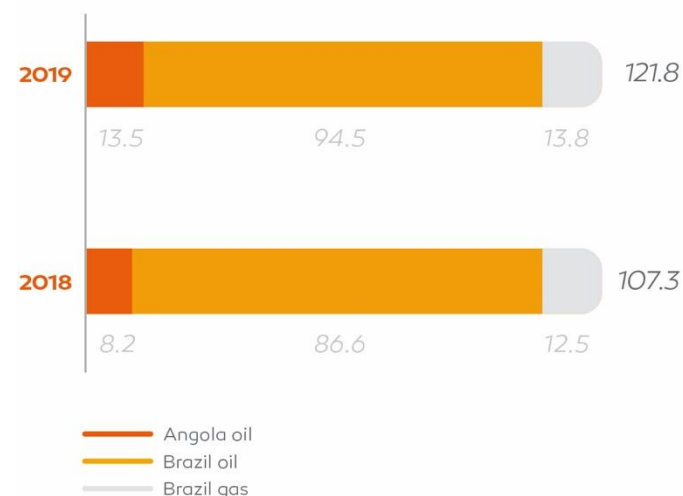
During 2019, the average WI production reached 122 kboepd, up 14% YoY, reflecting the higher contribution from the projects under development in Brazil and Angola. Oil accounts for most of Galp's production, with natural gas representing 11% in 2019, all of which currently attributable to the associated gas from the Brazilian projects. Gas weight is expected to increase when the Area 4 projects in Mozambique come onstream.

In Brazil, WI production was 108 kboepd, a 9% increase YoY, supported by the Lula and Iracema projects, namely benefiting from the ramp-up of FPSO #8, which reached the production plateau just 10 months after the first oil with the connection of the 6th producer well, and FPSO #9 which started operations in February. It is also important to highlight the first oil of FPSO #10 in November, starting the development of the Berbigão and Sururu accumulations, which will be an important contributor to the expected production growth in 2020.

The remaining units operating in Brazil produced steadily throughout the year, with maintenance activities being performed according to plan, including compulsory inspections to ensure the integrity of the units and their operations under optimal conditions.

In Angola, WI production was c.14 kbpd, up 65% YoY, as the first unit deployed in the north of block 32 continued to ramp-up and the second FPSO started operations in the Kaombo South area in April.

WI production (kboepd)



The competitiveness of Galp's portfolio is supported by a large resource base, low production costs, and commercial potential, with its high quality and low sulphur content positioning these resources well for the energy transition. The portfolio's NPV₁₀ breakeven going forward stands at below \$25/bbl.

Galp's E&P portfolio

Galp has 45 upstream projects at different stages of maturity, from exploration to development phases, located almost entirely in deepwater. The most significant projects include the development of one of the largest oil discoveries in recent decades, located in the Brazilian pre-salt Santos basin, and the large natural gas discoveries in Mozambique's Rovuma basin, as well as the developments in the Angola's Lower Congo basin.

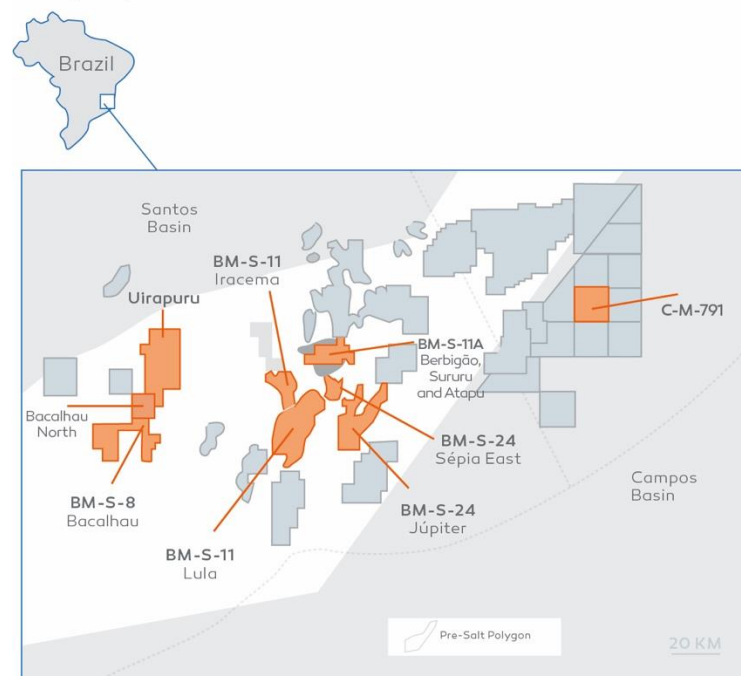
Brazil

Offshore developments

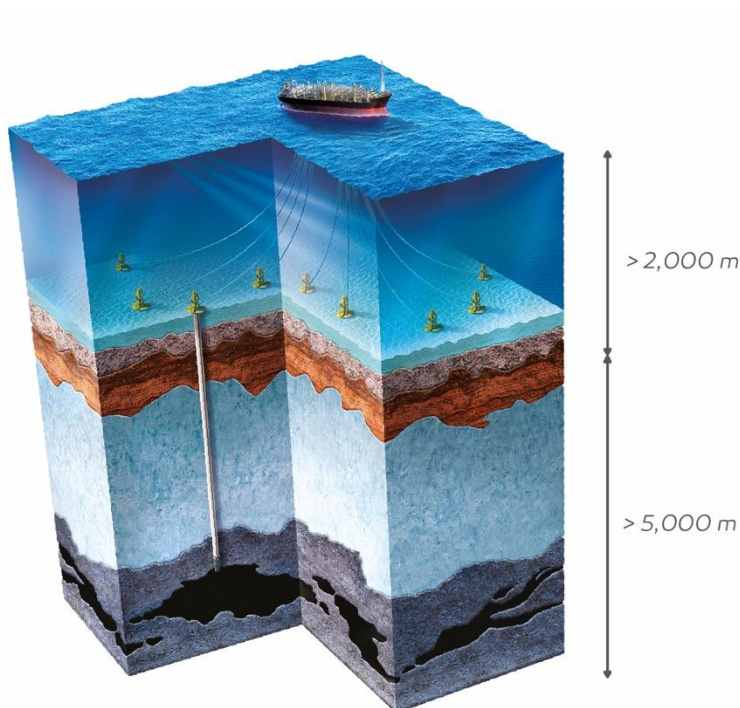
Galp's portfolio offshore Brazil is mostly focused on the pre-salt polygon, where the Company has been present since the exploration and appraisal of the first prospects. The Brazilian pre-salt plays are a benchmark in the industry, mostly due to the size and quality of its resources which, together with the technology deployed in its development concepts, position these projects amongst the most competitive projects globally.

At present, Galp has several projects at both the exploration and appraisal stage and at the development and production phase in the pre-salt Santos and Campos basins.

Galp's portfolio offshore Brazil



A typical pre-salt project development



Galp started production in the pre-salt in 2010, through the FPSO Cidade Angra dos Reis located in the Lula pilot area and, by the end of 2019, it had deployed a total of 10 FPSO units, seven in Lula, two in Iracema and one in the Berbigão-Sururu West area.

STRATEGIC EXECUTION
3.2. EXPLORATION & PRODUCTION

Units in pre-salt Santos basin

Unit	Name	Location	Capacity Oil Gas	Start-up date	Ramp-up	Plateau since	Galp's stake
FPSO #1	Cidade Angra dos Reis	Lula Pilot	100 kbpd 5 mm ³ /d	Oct. 2010	19 months	Apr. 2012	9.21% ¹
FPSO #2	Cidade de Paraty	Lula North East	120 kbpd 5 mm ³ /d	Jun. 2013	15 months	Aug. 2014	9.21% ¹
FPSO #3	Cidade de Mangaratiba	Iracema South	150 kbpd 8 mm ³ /d	Oct. 2014	13 months	Oct. 2015	10.00%
FPSO #4	Cidade de Itaguaí	Iracema North	150 kbpd 8 mm ³ /d	Jul. 2015	13 months	Jul. 2016	10.00%
FPSO #5	Cidade de Maricá	Lula Alto	150 kbpd 6 mm ³ /d	Feb. 2016	10 months	Nov. 2016	9.21% ¹
FPSO #6	Cidade de Saquarema	Lula Central	150 kbpd 6 mm ³ /d	Jul. 2016	11 months	May. 2017	9.21% ¹
FPSO #7	P-66	Lula South	150 kbpd 6 mm ³ /d	May. 2017	11 months	Mar. 2018	9.21% ¹
FPSO #8	P-69	Lula Extreme South	150 kbpd 6 mm ³ /d	Oct. 2018	10 months	Jul. 2019	9.21% ¹
FPSO #9	P-67	Lula North	150 kbpd 6 mm ³ /d	Feb. 2019	ongoing	-	9.21% ¹
FPSO #10	P-68	Berbigão / Sururu West	150 kbpd 6 mm ³ /d	Nov. 2019	ongoing	-	10.00% ²

¹ Current stake in Lula after the unitisation with the South of Tupi area in March 2019.

² Subject to unitisation approval.

Lula and Iracema

The Lula and Iracema projects are currently the major contributors to Galp's production. A total of nine units have been installed in less than 10 years with a combined gross daily capacity to of up to 1.3 mmbbl of oil and 56 mm³ of natural gas.

During 2019, the partners remained focused on the execution of these high-quality projects, having concluded the first phase of developments with the deployment in February of FPSO #9 in the Lula North area. Of the nine units operating in different development areas, eight are currently producing at plateau levels and Lula North is at the ramp-up stage.

Regarding the drilling campaign, 128 wells (70 producers and 58 injectors) had been drilled by the end of 2019, of about 150 wells planned. Currently, there are 113 wells already connected to the installed FPSO units.

During 2019, the partners performed an extended well test (EWT) in Lula West and the results are expected to contribute to the extensive knowledge of the area. The development concept of Lula West - the 10th area to be developed in the Lula and Iracema projects is still under analysis.

As the Lula accumulation extends outside the BM-S-11 licence towards the adjacent areas of South of Tupi, a Transfer of Rights area, as well as to an open area, a unitisation process was required. In March, ANP approved the Unitisation Agreement for the Lula accumulation, which became effective from April 2019, and Galp now holds a 9.21% interest in the unitised Lula field.

The Company and its partners are fully committed to maximising the value extraction from their assets, by optimising operations and increasing the recovery rate of the resources discovered. Galp currently estimates that the ongoing developments will recover 34% of the resources, an increase of 3 p.p. over the previous year. The Company's long-term ambition is to recover over 40%.

Berbigão, Sururu and Atapu

Galp has stakes through the BM-S-11A consortium in the Berbigão, Sururu and Atapu accumulations, located within the core pre-salt area of the Santos basin, to the northeast of Lula and Iracema.

The unit to develop the Berbigão and the western flank of Sururu, P-68 started production in November 2019. This unit is the fourth replicant FPSO deployed in the pre-salt and can process 150 kbpd and 6 mm³ of natural gas per day. It will be connected to 10 producer wells, of which five in the Berbigão accumulation, and seven injector wells.

The second unit to develop these projects has already arrived in Brazil, where integrating works will be concluded, and is expected to be deployed in the Atapu accumulation later in 2020.

The drilling campaign is proceeding according to plan, with 13 producer wells and eight injector wells drilled by the end of 2019, out of the 33 wells planned. During the year, the BM-S-11/11A consortium secured a second rig to provide further support for the drilling and completion programme in the area.

After conducting an EWT in the Sururu area during 2018, the partners continued to assess the subsurface studies of the accumulation in order to reduce volumetric uncertainty and improve the area development concept. Another EWT in Sururu is planned for 2021.

In August, ANP approved the Unitisation Agreement for the Atapu accumulation which became effective as from 1 September. The agreement establishes that the BM-S-11A licence represents 17.03% of the unitised area (BM-S-11A, together with Transfer of Rights and open area), with Galp now holding a 1.70% interest. The two additional accumulations in the BM-S-11A license, Berbigão and Sururu, will also be subject to a unitisation process, and the agreements have already been submitted to ANP and are pending approval.

Galp's innovation recognised by ANP

Petrogal Brasil, Galp's Brazilian subsidiary, won the first prize in Category I, Exploration and Production of Oil and Gas, of Brazil's ANP Technological Innovation Awards 2019. The winning project "Carbon dioxide capture and storage (CCS) and associated gas purification in ultra-deepwater oil production through the gas hydrate production process" was developed in partnership with Unicamp, USP and Portugal's university FEUP, and competed with 147 projects spread across five categories submitted by more than 60 institutions. This award is a result of the Company's innovation efforts, contributing to a sustainable development of the industry, with a concrete solution focused on CCS and natural gas purification through industrial scale units to be installed on production platforms. Galp is fully committed to reducing carbon dioxide and methane emissions in its operations.

It should also be mentioned that Galp's artificial intelligence project, a partnership with IBM to assist seismic interpretation, was also a finalist in Category V, Industry 4.0.

Bacalhau

The Bacalhau project, previously known as Carcará, which extends through block BM-S-8 and Bacalhau North, is considered one of the most promising assets in the pre-salt Santos basin, as it should benefit from the reservoir's high-pressure conditions and high-quality resource base.

Following the partners' agreement to align equity interests across the two blocks, the last pending transaction was approved by ANP in June 2019 and the partners' stakes are now aligned between the BM-S-8 license and the Bacalhau North area, with Galp holding a 20% stake in the Greater Bacalhau.

The Greater Bacalhau is planned as a phased development, with Phase I comprising one FPSO with a 220 kbpd capacity, the largest unit planned for deployment in the pre-salt and,

given the full reinjection of the associated natural gas, the most robust gas management solution.

At the end of 2019, the partners submitted the Declaration of Commerciality for the Bacalhau discovery to ANP. In 2020, the FEED contracts were awarded for Phase I of the Bacalhau project, with Modec selected to supply the FPSO unit and Subsea Integration Alliance responsible for the development of the subsea, umbilical, risers and flowlines (SURF) equipment. At present, the consortium members are working on the Development Plan and Unitisation Agreement submissions.

During 2019, the activities were focused mainly on the continued exploration and appraisal campaign, with the spud of the Bacalhau East well and the conducting of a DST. This is the second appraisal well to be drilled and tested in the Bacalhau North area and the data collected will be used in establishing the development strategy for the second phase of the project.

Guanxuma

Following the oil discovery and the tests conducted in the Guanxuma area in 2018, the BM-S-8 consortium continued the appraisal works with a second DST to assess the pressure, permeability and productive capacity of the accumulation, the results of which are currently under analysis.

Sépia

Block BM-S-24 comprises both the Júpter and Sépia East areas in the pre-salt Santos basin.

The Sépia discovery - a Transfer of Rights area - extends towards the Sépia East area, within the BM-S-24 licence and therefore a unitisation process was required. In August, ANP approved the Unitisation Agreement for Sépia, effective from 1 September. The agreement establishes that the licence represents 12.07% of the unitised area (BM-S-24 + Transfer of Rights), with Galp now holding a 2.41% interest through its 20% stake in BM-S-24.

The start of production at the unitised Sépia field is scheduled for 2021, through an FPSO unit with a processing capacity of 180 kbpd and 6 mm³ of natural gas per day, which has been already awarded by the operator Petrobras.

Júpter

Block BM-S-24 also contains the Júpter discovery, which is a large separate accumulation from Sépia. The partners are making progress on technological developments and analysing further appraisal activities to support the project's conceptual solution.

Uirapuru

Uirapuru is a high-potential exploration asset acquired by Galp in 2018 following the 4th PSC bid round. The Uirapuru consortium initiated the exploration campaign at the end of 2019 and the first well was drilled at a depth of 1,994 metres. The main target of the campaign will be the carbonate reservoirs at depths of about 5,900 metres and the first results are expected in 2020.

Block C-M-791

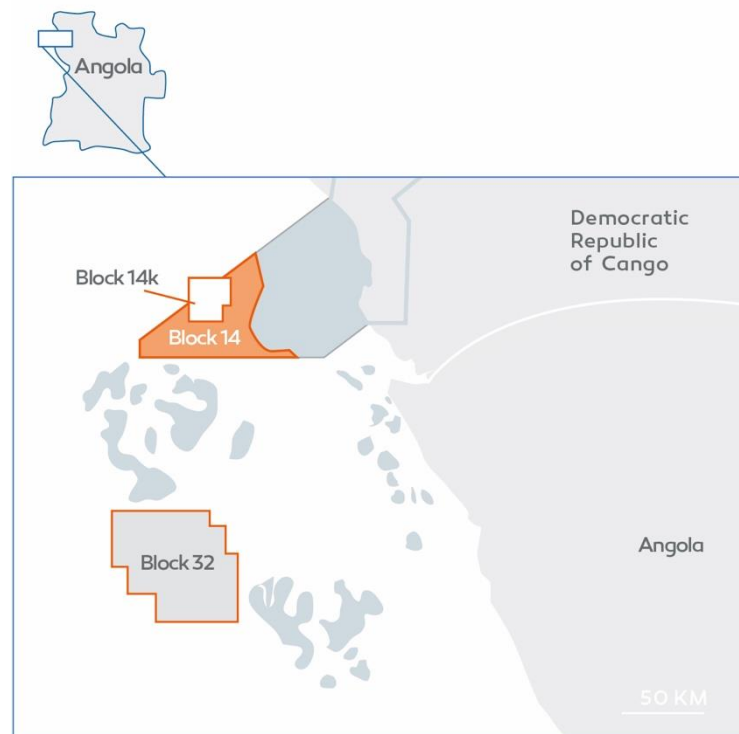
Block C-M-791 is an exploration asset in the Campos basin with a pre-salt play potential. During 2019, the consortium initiated

its exploration programme with a c.2,800 km² of 3D seismic acquisition in the region, more than covering block C-M-791's area.

Angola

Galp has a stake in block 32, which holds the Kaombo project, one of the most important projects under development in Angola, and a legacy position in block 14 and 14k.

Galp's projects in Angola



Block 32

The Kaombo project is located in an ultra deepwater area and its development is expected to recover 650 mmbbl of oil through two FPSO units with a total estimated gross production capacity of 230 kbpd.

With the second unit deployed in April in Kaombo South, production from block 32 is close to plateau levels, as the ramp-up of this unit benefited from the learning curve previously acquired. The Kaombo project contributed with 8.5 kbpd to Galp's WI production during the period.

At the end of 2019, the consortium had drilled 41 wells out of the 62 planned for the Kaombo field development.

Block 14/14k

Galp and its partners are focused on optimising the efficiency and costs on blocks 14/14k in order to extend the economic limit of the Benguela-Belize-Lobito-Tomboco (BBLT) and TL fields, which are currently at the natural decline phase of production. These blocks contributed with 5.0 kbpd to Galp's WI production during the period.

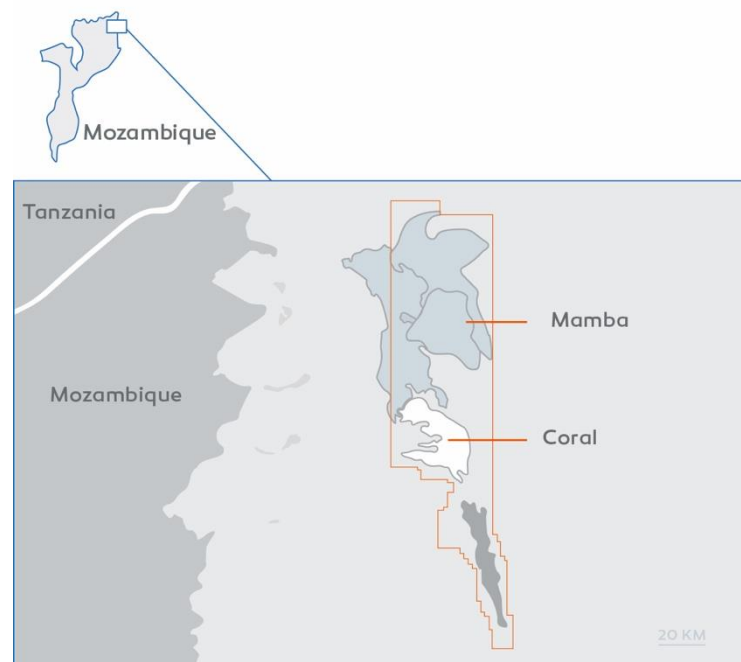
Mozambique

The gas discoveries in the Rovuma basin will enable Mozambique to become one of the world's most important suppliers of natural gas.

Mozambique is growing in the oil and gas industry and is expected to become the third largest producer in Sub-Saharan Africa by the middle of the next decade. The size and quality of the resources discovered will be transformational for the country and will also play a fundamental role in Galp's production profile, contributing to a lower carbon portfolio mix, aligned with the Company's strategic commitment to a smooth energy transition.

The Area 4 development comprises the offshore Coral South FLNG project and the onshore Rovuma LNG.

Galp's projects in Mozambique



Coral South

After the FID in 2017, Coral South will be the first project to develop the large gas resources of Area 4, with production expected to start in 2022.

The construction of the FLNG unit, with a processing capacity of around 3.4 mtpa of LNG, was initiated in 2018 and is proceeding according to plan. The FLNG platform will be connected to the southern part of the Coral discovery, located exclusively in Area 4 and containing approximately 16 tcf of gas initially in place.

During 2019, the consortium started the drilling campaign of the Coral area, which includes plans for the drilling of six wells. The drilling and completion campaign is expected to be completed by the end of 2020.

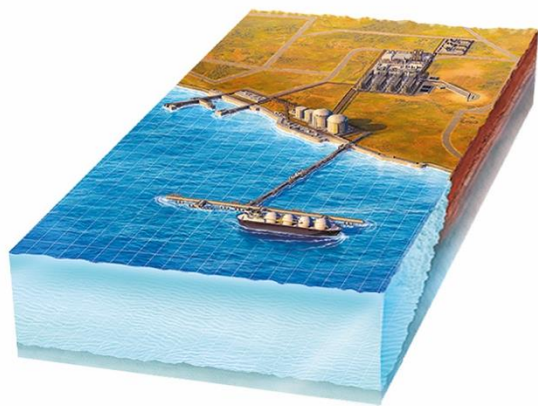
Rovuma LNG

In May 2019, the Government of Mozambique approved the Development Plan for Phase I of the Rovuma LNG project, which will produce, liquefy and market natural gas from the large Mamba fields, and included the construction of two LNG trains with a total capacity of 15.2 mtpa.

The Joint Venture that is developing Area 4 has awarded the midstream EPC contract for Phase I of the Rovuma LNG onshore facilities to the JFT consortium, which is made up of JGC, Fluor and TechnipFMC. The Government of Mozambique also approved the LNG sales and purchase agreements for the project.

Currently, the partners are working on the remaining milestones for the project's FID, namely securing the project financing package. LNG production is estimated to start in the middle of this decade.

Rovuma LNG development



São Tomé and Príncipe and Namibia

Galp also has promising interests in exploration assets in Africa, in the Atlantic basin.

Blocks 6, 11 and 12

Galp's exploration portfolio in São Tomé and Príncipe currently includes three offshore blocks, block 6 – where Galp is the operator with a 45% interest – and blocks 11 and 12, in which it holds a 20% stake. During the year, Galp has decided to withdrawn from block 5, where it was present.

Galp is currently conducting geological and geophysical studies, particularly in block 6, where it has already identified one drill-worthy prospect. Galp and its partners are now working on completing the relevant milestones to spud the first exploration well by 2020/2021.

PEL 82 and 83

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

During 2019, the consortium successfully concluded a 3D seismic acquisition campaign with zero health, safety and environment (HSE) incidents, on time and on budget in PEL 83 of roughly 3,000 km² and it is currently processing and analysing the respective data for potential leads. Regarding PEL 82, the results from the 3D seismic acquisition conducted in 2018 are being analysed to identify potential leads. In 2019 Galp also delivered the Environmental Impact Assessments for potential drilling campaigns in both PELs.

STRATEGIC EXECUTION
3.2. EXPLORATION & PRODUCTION

E&P projects portfolio at the end of 2019

Country	Block(s)	Basin	Type	# Projects	Key projects	Oil properties API(°) Sulphur (%wt)	Stage	Partners
Brazil (via Petrogal Brasil)	BM-S-11	Santos	Ultra-deep water	1	Lula	27-34 <0.5	Development & Production	Galp 9.2% Petrobras 67.2% (op.) Shell 23.0% PPSA 0.6%
	BM-S-11	Santos	Ultra-deep water	1	Iracema	28-32 <0.5	Development & Production	Galp 10% Petrobras 65% (op.) Shell 25%
	BM-S-11A	Santos	Ultra-deep water	1	Berbigão	25-28 <0.5	Development & Production	Galp 10% Petrobras 42.5% (op.) Shell 25% Total 22.5%
	BM-S-11A	Santos	Ultra-deep water	1	Sururu	24-29 <0.5	Development & Production	Galp 10% Petrobras 42.5% (op.) Shell 25% Total 22.5%
	BM-S-11A	Santos	Ultra-deep water	1	Atapu	27-29 <0.5	Development	Galp 1.7% Petrobras 89.3% (op.) Shell 4.3% Total 3.8% PPSA 0.9%
	BM-S-8	Santos	Ultra-deep water	2	Bacalhau	30-32 <0.5	Exploration & Appraisal	Galp 20% Equinor 40% (op.) ExxonMobil 40%
	Bacalhau North	Santos	Ultra-deep water	1	Bacalhau North	30-32 <0.5	Exploration & Appraisal	Galp 20% Equinor 40% (op.) ExxonMobil 40%
	Uirapuru	Santos	Ultra-deep water	1			Exploration	Galp 14% Petrobras 30% (op.) Equinor 28% ExxonMobil 28%
	Sépia	Santos	Ultra-deep water	1	Sépia	26-30 <0.5	Development	Galp 2.4% Petrobras 97.6% (op.)
	BM-S-24	Santos	Ultra-deep water	1	Júpiter		Appraisal	Galp 20% Petrobras 80% (op.)
	C-M-791	Campos	Ultra-deep water	1			Exploration	Galp 20% Shell 40% (op.) Chevron 40%
	POT-T-480/479/436	Potiguar	Onshore	1	Sanhaçu	55 <0.5	Production	Galp 50% Petrobras 50% (op.)
	SEAL-T-412/429	Sergipe- Alagoas	Onshore	1	Rabo Branco	35 <0.5	Production	Galp 50% (op.) Petrobras 50%
	BM-POT 16	Potiguar	Shallow to ultra-deep water	2			Exploration	Galp 20% Petrobras 30% (op.) BP 30% IBV 20%
	BM-POT 17	Potiguar	Shallow to ultra-deep water	3			Exploration & Appraisal	Galp 20% Petrobras 40% (op.) BP 40%
	BM-PEPB-783/839	Pernambuco- Paraíba	Deep to ultra-deep water	2			Exploration	Galp 20% Petrobras 80% (op.)

STRATEGIC EXECUTION
3.2. EXPLORATION & PRODUCTION

Country	Block(s)	Basin	Type	# Projects	Key projects	Oil properties API(°) Sulphur (%wt)	Stage	Partners
Brazil	POT-M-764	Potiguar	Ultra-deep water	1			Exploration	Galp 20% Petrobras 40% (op.) BP 40%
	BAR-M-300/ 342/344/388	Barreirinhas	Shallow to ultra-deep water	4			Exploration	Galp 10% Shell 50% (op.) Petrobras 40%
Angola	Block 14	Lower Congo	Shallow to ultra-deep water	8	BBLT TL Kuito	24 to 36 <0.8	Development & Production	Galp 9% Chevron 31% (op.) Sonangol 20% Eni 20% Total 20%
	Block 14k	Lower Congo	Shallow to ultra-deep water	1	Lianzi	35-37 <0.5	Development & Production	Galp 4.5% Chevron 31.25% (op.) Total 36.75% Sonangol 10% Eni 10% SNPC 7.5%
	Block 32	Lower Congo	Ultra-deep water	2	Kaombo	26-32 <0.9	Development & Production	Galp 5% Total 30% (op.) Sonangol 30% China Sonangol 20% ExxonMobil 15%
Mozambique	Area 4	Rovuma	Ultra-deep water	2	Coral South Rovuma LNG		Development	Galp 10% Eni 25% (op.) ExxonMobil 25% (op.) CNPC 20% Kogas 10% ENH 10%
Namibia	PEL 82	Walvis	Shallow to ultra-deep water	1			Exploration	Galp 40% (op.) ExxonMobil 40% NAMCOR 10% Custos 10%
	PEL 83	Orange	Shallow to ultra-deep water	1			Exploration	Galp 80% (op.) NAMCOR 10% Custos 10%
S. Tomé and Príncipe	Block 6	Rio Muni	Ultra-deep water	1			Exploration	Galp 45% (op.) Kosmos 45% ANP 10%
	Block 11	Rio Muni	Ultra-deep water	1			Exploration	Galp 20% Kosmos 65% (op.) ANP 15%
	Block 12	Rio Muni	Ultra-deep water	1			Exploration	Galp 20% Kosmos 45% (op.) Equator 22.5% ANP 12.5%
East Timor	Block E		Shallow to ultra-deep water	1			Exploration	Galp 10% Eni 80% (op.) Kogas 10%

A person stands on the peak of a jagged mountain, silhouetted against a bright, hazy sunset. The sun is low on the horizon, casting a warm, golden glow over the landscape. The sky is filled with soft, wispy clouds. In the foreground, the dark, silhouetted branches of trees are visible on the right side. The overall scene conveys a sense of achievement and looking towards the future.

E&P: LOOKING INTO THE FUTURE

Top tier portfolio

Develop a resilient and competitive world class portfolio, with a first quartile breakeven of <\$25/bbl.

Sustainable portfolio mix

Rovuma LNG to play a key role in Galp's strategy towards a balanced portfolio with low carbon specifications.

Zero routine flaring

Commitment to scaling E&P to zero flaring under normal operating conditions by 2030, through the Zero Routine Flaring project.

Reducing carbon foot-print

Separation and reinjection of the CO₂ into the reservoir, reducing carbon emissions in the Brazilian pre-salt.

Operations' efficiency

Regular planned maintenance and inspection activities, to ensure the units' sustainable performance under optimal conditions.

3.3. REFINING & MARKETING

2019 Highlights

- Raw materials processed were impacted by planned maintenance activities, also related to the implementation of projects associated with the “+\$1/boe” initiatives and to ensure the system performs in optimal conditions.
- Galp’s refining margin of \$3.1/boe, reflecting the volatile international environment and considering the operational restrictions during the year.
- In November, Galp started to supply a new marine fuel oil with a maximum of 0.50% sulphur content, after successfully adapting its refining system and adjusting the raw materials processed.
- Oil products sales to direct clients, supported by a robust customer base.
- Reshaping the marketing business to foster people-centricity and leverage digital tools so as to create an enhanced value proposition and improve customer relationship management.

Key Figures

	2018	2019
N° of employees	5,375	5,345
Raw materials processed (mmboe)	100.7	96.0
Galp refining margin (\$/boe)	5.0	3.1
Refining cost ¹ (\$/boe)	2.6	2.9
GHG direct emissions (tonCO ₂ e)	3,222,933	3,265,510
Total water consumption per treated feedstock (m ³ /ton)	0.59	0.63
Percentage of water reutilised	18%	15%
Total oil products sales (mton)	16.8	16.2
Sales to direct clients (mton)	8.6	8.7
N° of service stations	1,463	1,465
N° of convenience stores	836	843
RCA Ebitda ² (€m)	610	415
RCA Ebit ² (€m)	265	8
CFFO (€m)	374	391
Capital Expenditure (€m)	258	243

¹ Excluding refining margin hedging impact.

² As of 1 January 2019, Galp adopted the IFRS 16 accounting standard. 2018 figures were not restated according to this accounting standard.

96.0 mmboe
RAW MATERIALS
PROCESSED

16.2 mton
TOTAL OIL PRODUCT
SALES

8.7 mton
SALES TO DIRECT
CLIENTS

1,465
SERVICE STATIONS

STRATEGIC EXECUTION 3.3. REFINING & MARKETING

Galp is one of the key downstream players in Iberia and also operates distribution and marketing activities in selected African markets. In Portugal, the Company operates an integrated refining system, several logistics assets and a marketing business, leveraged on strong brand recognition and an extensive and efficient distribution network.

Galp's R&M business provides a resilient contribution to the Company's financial performance, maintaining a focus on maximising value creation by increasing the efficiency of its operations,

Refining

Galp has an integrated refining system, comprising two refineries in Portugal with a total capacity to process 330 kbpd of crude oil. The system has a substantial conversion capacity supported by hydrocracking and fluid catalytic cracking units installed in the Sines refinery for the production of medium and light distillates, respectively. These units provide significant flexibility to process a wide range of raw materials and use different energy sources, maximising value creation in different market conditions. The Matosinhos refinery includes a visbreaker unit, an aromatics plant, a base oil plant and a lubricants plant. Galp's integrated refining system has an 8.6 score on the Nelson complexity index.

Due to its favourable strategic position with access to several maritime terminals and storage facilities in Iberia, Galp's highly competitive refining system exports products to different markets such as Iberia, North America and Africa.

Galp remains focused on improving the competitiveness of its refining system to face an increasingly demanding regulatory framework and a challenging market of oil products. The main drivers for the refining system performance are increasing its energy efficiency and reliability, reducing non-energy costs while promoting digitalisation initiatives.

Galp has been implementing several projects to increase the energy efficiency and conversion capacity of its refining system. The "+\$1/boe" initiatives target an increase in Galp's realised margin by \$1/boe by the end of 2020, when the

execution of these investments is expected to be completed. By the end of 2019, around 80% of these initiatives had already been implemented. Furthermore, Galp is already preparing future initiatives to achieve additional optimisation on its refining capability, being either through cost or margin improvements.

"+\$1/boe" initiatives – Maximising energy efficiency and conversion capacity

Through marginal investments to enhance the current refining kit, Galp will be able to extract more value from its operations, namely by increase conversion and energy efficiency.

Catalytic cooler revamp, to enhance the procedural and operational flexibility and overall efficiency.



Intervention in the atmospheric distillation unit to revamp its heat exchangers will enable significant savings in natural gas consumption and minimise heat waste.



Construction of a Vacuum Flasher unit, integrated with the existent units of Vacuum and Visbreaker, to increase the conversion of the unit

2020

Revamp of the VGO hydrotreater unit to a Mild Hydrocraker unit to maximise the VGO production.

2020

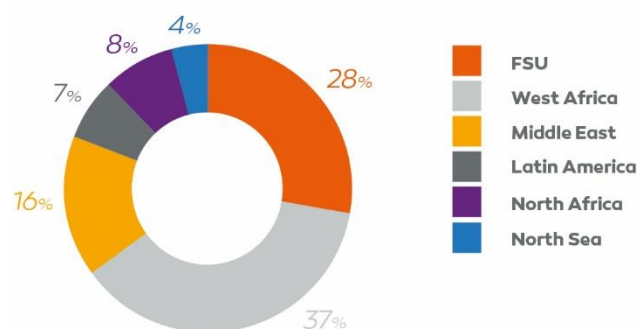
During 2019, raw materials processed were approximately 96.0 mmbbl, down 5% YoY, reflecting higher maintenance levels and a weaker refining margin environment. Crude oil accounted for 86% of raw materials processed. Galp imported crude from 19 different countries, with medium and heavy crudes accounting for 87%. It should be noted that, by year-end, Galp's crude mix shifted towards low sulphur crudes,

STRATEGIC EXECUTION

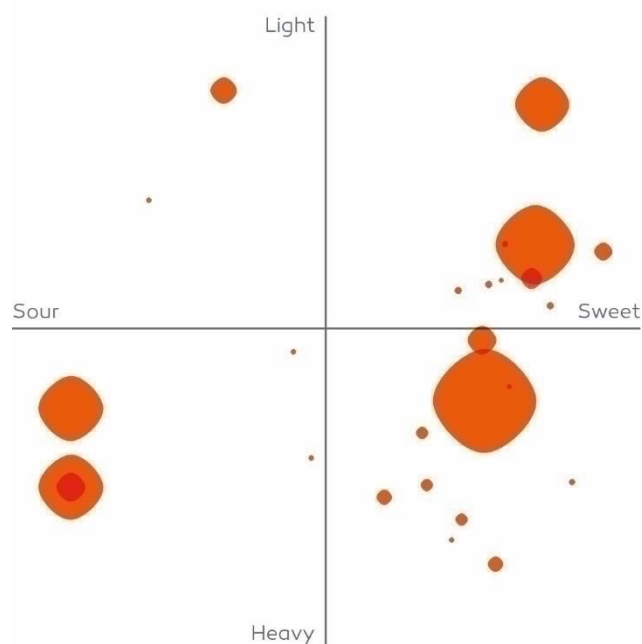
3.3. REFINING & MARKETING

adjusting the refining system to new bunked fuel IMO specifications.

Crude sources in 2019



Crude quality in 2019



During the year, the throughput volumes were impacted by planned maintenance activities in the refineries, namely an outage of 66 days in the atmospheric distillation unit at the Sines refinery and a turnaround in the base oils plant of 47 days in Matosinhos. These planned activities are key to ensure the integrity of the units, as well as continued operation under optimal conditions and also contributed significantly to the implementation of the “+\$1/boe” initiatives.

Gasoline and diesel are the most relevant products in Galp’s refining yields. Galp has also added to its portfolio a new solution for shipping companies, as it started the production and sale of a new marine diesel fuel with a maximum of 0.5% sulphur content in compliance with the IMO regulation which came into effect on 1 January 2020.

Galp supplying cleaner marine fuels

Galp successfully adapted its refining system and started in November supplying the market with a new marine fuel oil, with a maximum sulphur content of 0.50%, in compliance with the new IMO regulation applying to all ships and effective as from 1 January 2020.

The new fuel, known as Very Low Sulphur Fuel Oils 0.50%S, is the outcome of almost two years of research, in which Galp tested more than 160 different formulations. It will be produced exclusively at the Company’s refineries.

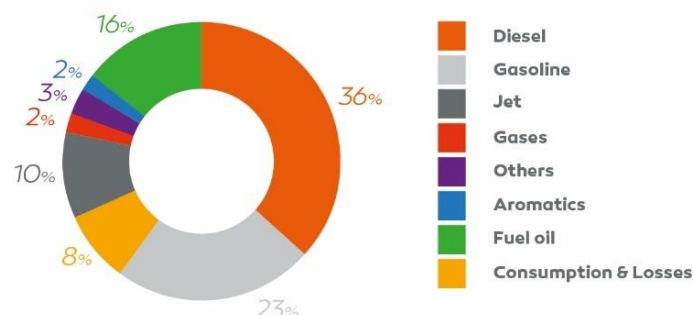
Leveraging its long-term refining expertise, Galp is able to ensure a stable product quality, as well as its technical feasibility. By using this solution, shipping companies will be immediately compliant with IMO 2020.

Galp is committed to providing more environmentally friendly fuels, reducing emissions and contributing to the sustainable development of the industry.

At the end of 2019, Galp’s fuel oil yield was almost entirely comprised of VLSFO 0.50%S, given the market needs and conditions during the period.

STRATEGIC EXECUTION 3.3. REFINING & MARKETING

Refineries' yields in 2019



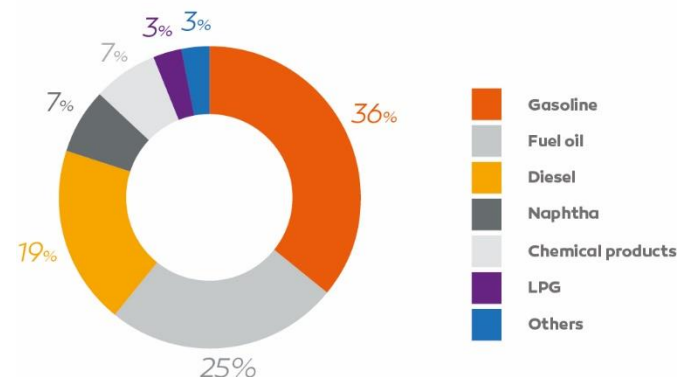
Supply & Trading

Galp's supply and trading activities account for the sale of the refining system's production, both to Galp's commercial activities as well as to other operators in Iberia and in the exports market.

In 2019, sales to non-Galp activities accounted for 7.5 mton, of which 3.3 mton were allocated to the supply of other operators. Benefiting from the excellent location of its refineries, Galp also exports a portion of its production. In 2019, 4.2 mton of oil products were exported, down 14% YoY, due to the lower availability of the refining system during this period. North America, particularly the East Coast, remained an important contributor to the export of heavy gasoline components, used for blending purposes.

The main products exported were gasoline, fuel oil and diesel, accounting for 36%, 25% and 19% of total exports, respectively, destined mostly for the U.S.A., Spain and The Netherlands.

Exports per product in 2019



Biofuels

Galp operates Enerfuel, an industrial unit in Sines which produces FAME (fatty acid methyl ester) biodiesel from 100% residues through the transformation of used cooking oils and waste animal fats. In addition, Galp is also producer of Hydrogenated Vegetable Oil (HVO), using a hydrogenation unit in the Sines refinery to co-process vegetable oil together with diesel, resulting in a biodiesel with characteristics similar to fossil fuel. In 2019, Enerfuel produced 26,601 m³ of biodiesel.

In compliance with the Renewable Energy Directive (RED I) and national legislation, in 2019 Galp introduced 7.0% of energy content of biofuels on road transport fuels in Portugal and Spain. Galp's biofuel strategy, in line with the decarbonisation initiative in course, is pushing for the use of residue-based biofuels, which in 2019 represented more than 50% of biofuels feedstock.

Under RED, in 2020, Galp will have to incorporate 10% in energy content of biofuels in Portugal and 8,5% in Spain. Furthermore, the objective is to continue to maximise the use of biofuels' feedstock from residue origins, following 2019 results. Moreover, the new European regulation (RED II) already approved will set the framework for the next decade (2021-30) making a push for advanced biofuels and limiting the use of

STRATEGIC EXECUTION 3.3. REFINING & MARKETING

some feedstocks. This will lead to new opportunities for new projects that Galp is already evaluating.

Galp is also involved in forums to foster the use of advanced biofuels working closely with national sector bodies (LNEG) and is present in a Biorefinery collaborative laboratory.

Marketing of oil products

Galp is a leading player in Iberia, where it operates a large distribution network of oil products. The Company has also been reinforcing its position in selected African countries, where it is estimated that there will be an attractive market growth.

Galp fosters a close relationship with its customer base, through its strong brand position, which provides support for sales to direct clients both in the extensive network of service stations and in the wholesale segment.

Sales to direct clients

In 2019, volumes sold to direct clients increased 1% YoY to 8.7 mton following the positive demand evolution in Iberia. Volumes sold in Africa accounted for around 8% of the sales to direct clients.

Galp's retail network at year-end was comprised by a total of 1,465 service stations, of which 1,280 are in Iberia and the remaining in Africa. Galp holds a leadership position in Portugal and a significant position in Iberia with over 8% market share. During 2019, Galp continued to optimise and renew its service stations network also implementing Kaizen methodologies, making available differentiated products and expanding its product offer with low carbon products.

Galp's presence in African markets

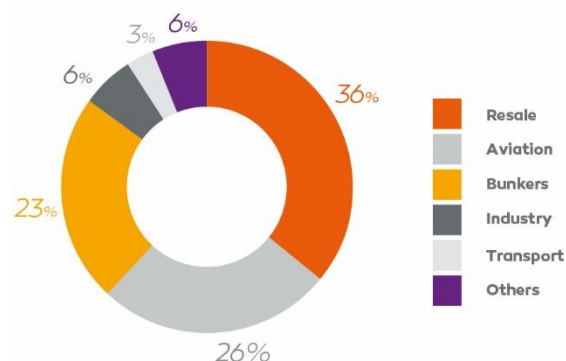
Currently, Galp is present in the African market through the participation in several companies. Each company is focused on one specific market, enabling the brands to adjust its marketing and operations to different cultures and maximise value for the clients.

Galp strives to play an important role in the social responsibility and development of the countries, where it has operations promoting several initiatives: the "Educate for the Future" project aims to help 16 communities in Mozambique and São Tome and Príncipe. By 2021, this initiative will include 22 schools and two orphanages in both countries, covering a community of about 11,400 students, 300 parents and 90 teachers. During the life of this project, a total of 675 scholarships and over 3,600 nutrition kits will be delivered. Additionally, as long distances are one of the main causes of school dropout in Mozambique, the Company has also delivered about 60 bicycles to children in 2019, reducing the travel time to school and improving their quality of life.



STRATEGIC EXECUTION 3.3. REFINING & MARKETING

Iberian wholesale segment sales in 2019



During 2019, Galp continued to leverage the strong partnerships in different market segments, which allowed it to increase cross-selling and differentiate Galp's brand as a service provider. The customer base associated with loyalty programmes continued to increase, having reached a total of c.2 million clients in 2019, of which 1.9 million come from the partnership with the largest food retail group in Portugal, Sonae. In the retail segment, 66% of the volume sold is attributed to loyalty programs.

Reshaping the marketing business: multi-product & service client centric approach

Facing a new world that challenges the status quo, Galp sees an opportunity to accelerate its transformation, improving its aggregated value added offer by creating new Value Pools and Business Models. Through a people centric approach, the reshaping of the commercialisation businesses in a single unit will position Galp for the transition into a more energy efficient economy.





R&M: LOOKING INTO THE FUTURE

Refining 4.0

Deployment of the Market Production Data Platform (MPDP) project will play an important role in the optimisation of the refining system supply chain.

Refining system efficiency

Reduce carbon intensity by 25% in Sines and 15% in Matosinhos refinery by 2025.

Commercial new business model

Implementation of a more agile, innovative, digital and collaborative organisation, able to respond to an increasingly demanding market.

Digitalisation

Adoption of new systems and dedicated teams, allowing a differentiated value proposition for customers and a faster go-to-market.

3.4. GAS & POWER

2019 Highlights

- The Company sold over 7.6 bcm of NG and LNG in 2019, of which 4.7 bcm was sold to direct clients.
- The network trading activity in European natural gas hubs gained importance, with an increase YoY in volumes of c.40%.
- The sales of electricity to direct clients amounted to 3.2 TWh in 2019.
- In order to diversify and optimise its NG/LNG sourcing basket, Galp entered into a new agreement with Sonatrach for the purchase of up to 2.5 bcm of NG annually, for 10 years. Early in 2020, Galp signed a SPA with Nigeria LNG to ensure the sourcing of 1 mtpa of LNG for 10 years.
- The Company has also signed long-term PPAs for the acquisition of renewable energy from solar power plants for a total of c.650 GWh per year, as part of its strategy to ensure the provision of efficient and environmentally sustainable energy solutions.

Key figures

	2018	2019
Nº of employees	173	174
Sales of NG/LNG in trading (mm ³)	2,875	2,937
NG sold to direct clients (mm ³)	4,740	4,709
Sales of electricity to the grid (GWh)	1,296	1,325
Electricity sold to clients (GWh)	3,865	3,199
GHG direct emissions (tonCO ₂ e)	18,909	18,029
RCA Ebitda ¹ (€m)	137	189
RCA Ebit ¹ (€m)	116	171
CFFO (€m)	224	400
Capital Expenditure (€m)	9	2

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

4,709 mm³
NG SALES TO
DIRECT CLIENTS

2,937 mm³
TRADING NG/LNG

4,524 GWh
SALES OF ELECTRICITY

STRATEGIC EXECUTION

3.4. GAS & POWER

Galp's G&P business includes the sourcing and commercial activities of natural gas and electricity, as well as NG/LNG trading in the international market.

With a greater focus on meeting the demand trends and energy transition, the Company is currently developing its renewable power generation activity, which will allow an integration with the sale of electricity to direct clients.

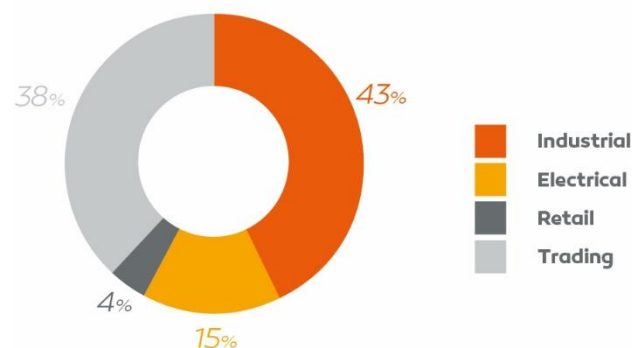
Supply and Trading

As part of its commercial activity, Galp provides an integrated natural gas and electricity offer to its customers in Iberia, being one of the key players in the region, and market leader in Portugal.

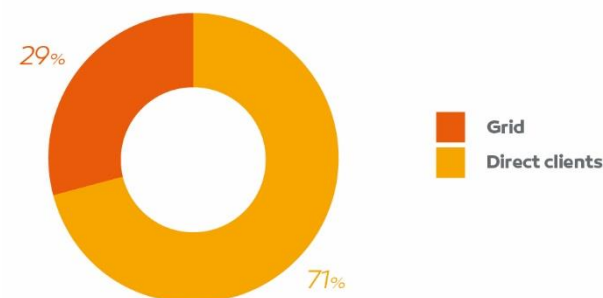
The Company also operates in the international NG/LNG market through its network and LNG trading activity.

During 2019, Galp sold over 7.6 bcm of NG/LNG and over 4.5 GWh of electricity.

NG/LNG volumes in 2019



Electricity sales in 2019



Sourcing

Galp pursues an active management policy for its NG/LNG sources, seeking alternatives and diversifying its basket over the long term.

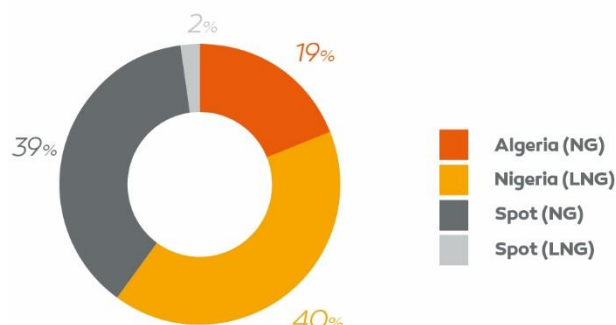
At present, Galp's NG and LNG sourcing is mainly based on long-term contracts with Sonatrach in Algeria and Nigeria LNG in Nigeria. These accounted for c.60% of the Company's sourcing basket in 2019.

At the same time, the Company also uses other sourcing alternatives, particularly in the Spanish and French wholesale markets. The remaining requirements are covered through spot market operations.

STRATEGIC EXECUTION

3.4. GAS & POWER

NG/LNG sourcing in 2019



Natural gas from Algeria is transported through the Europe Maghreb (EMPL), Al-Andalus and Extremadura pipelines, in which Galp holds stakes.

Equity stakes in international gas pipelines

Internacional pipelines	Country	Capacity (bcm/year)	Galp %
EMPL	Algeria, Morocco	12.0	23
Al-Andalus	Spain	7.8	33
Extremadura	Spain	6.1	49

During 2019, Galp and Sonatrach entered into a new agreement that will allow Galp to purchase up to 2.5 bcm of NG per year for a period of 10 years. Early in 2020, Galp signed a sale and purchase agreement (SPA) with Nigeria LNG Limited to ensure the sourcing of 1 mtpa of LNG for 10 years, starting in October 2021.

Following Galp's strategy of securing a diversified and competitive long-term sourcing basket, during 2018 it signed an SPA with Venture Global LNG for the acquisition of 1 mtpa

from the LNG export facility in Calcasieu Pass, U.S.A, for a period of 20 years, starting in 2023.

In addition, Galp is expected to acquire its equity gas from the first phase of the Rovuma LNG project, which is still under development. Galp holds a 10% stake in the two liquefaction trains, which have a capacity of 7.6 mtpa each.

Regarding electricity, Galp is currently present in the market through the Iberian Electricity Market (MIBEL), both in the spot market (OMEL) and in the futures market (OMIP). This activity is mainly aimed at the acquisition of electricity in the market, which is sold through the commercial activity.

The Company is also looking to diversify its electricity sources, either by entering into renewable power purchase agreements with third parties and/or through the construction of its own power generation renewable portfolio. For further information, please see Chapter 3.5. Renewables & New Businesses.

Trading

Galp carries on its NG/LNG trading activity on the international market and continues to strengthen its position in the network trading activity in European natural gas hubs, namely in Spain, France and in the Netherlands.

Trading volumes in 2019 stood at 2,937 mm³, compared to 2,875 mm³ in the previous year, with the increase in network trading sales not offsetting the fewer LNG trading opportunities. Following the end of the last structured LNG contract in the third quarter of 2018, LNG trading became more opportunistic. Nevertheless, network trading should continue to gain relevance.

Current and future NG/LNG flows



Supply of natural gas and electricity

Galp's commercial activity is based mainly on the supply of natural gas and electricity to B2B and B2C customers in the Iberian market. Currently, the Company has over 600 thousand Gas & Power customers, being the most relevant natural gas player in Portugal.

Galp customer base in Iberia



During 2019, sales of natural gas to direct clients totalled 4.7 bcm in line with the previous year. Electricity sales decreased 17% to 3.2 TWh.

In a step towards the implementation of sustainable NG and LNG operations and the reduction of emissions, Galp has been developing projects related to the supply of natural gas for road transportation and LNG for ships.

In 2019, Galp, in partnership with NOS, developed the Smart Metering pilot project, which consists of the creation of smart NG meters. In this pioneering project in Portugal tests were carried out in a real environment using the latest NarrowBand-IoT communications technology supported by the new meter models and management platforms that enable more reliable and agile data communication.

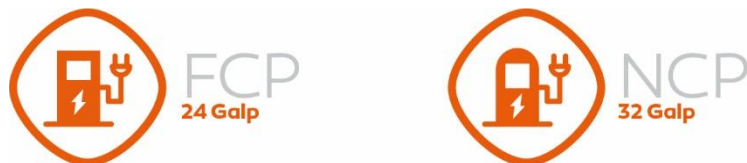
In Spain, following the acquisition of a 25% stake in a technology start-up, PODO, in 2017, Galp currently has 57 thousand customers on a digital platform that enables the combined supply of gas, electricity and services in a more agile way.

With the launch of the Galp Electric commercial offer, Galp took on a leading role in electric mobility in Portugal. Through this card, awarded to nearly 7,600 clients in Portugal, the Company offers energy and mobility solutions and services on the road and at home. Galp has the largest network of charging points in Portugal, with 24 Fast Charging Points and 32 Normal Charging Points. 2020 will see the extension of the payment phase to normal charging points located on public roads, as

STRATEGIC EXECUTION

3.4. GAS & POWER

well as to Azores and Madeira. In addition, the challenge of integrating with digital platforms and European networks will be another focus of next year.



Note: FCP stands for Fast Charging Points and NCP for Normal Charging Points.

Through Galp Energy Solutions, the Company has been fostering value creation for its B2B and B2C customers in Portugal by offering energy efficiency solutions as well as technical services aimed at optimising and reducing energy consumption with the installation of more efficient equipment. In the B2B segment, Galp offers auditing, training and certification services for energy efficiency, efficient lighting and photovoltaic projects. In the B2C, the Company provides home care services.

Power

Galp's power activity is currently supported mainly by the operation of its cogeneration units in Portugal, at the Sines and Matosinhos refineries, with a total capacity of c.173 MW, which produced c.1,325 GWh in 2019. These are highly efficient combined heat and power generation plants that are an important steam supplier to our refineries.

Galp also has a 50% stake in a project with 12 MW of installed capacity at a wind farm in Portugal, which produced c.31 GWh in 2019.

Regulated distribution infrastructure

Galp has a non-controlling interest of 77.5% in Galp Gás Natural Distribuição (GGND), resulting from the sale in 2016 of 22.5% to the consortium led by Marubeni Corporation.

GGND controls nine local natural gas distributors in Portugal, operating a network of over 13,000 km. GGND's regulated asset base for the gas infrastructure (RAB) amounted to approximately €1.1 bn at the end of 2019.

The allowed revenues for this activity are approved by the Portuguese Energy Market Regulator (ERSE), with RAB's provisional rates of return for 2019 and 2020 set at 5.70% and 5.20%, respectively.



G&P: LOOKING INTO THE FUTURE

Integrated Supply & Trading

Guaranteeing a diversified and competitive sourcing basket to leverage future activities.

Developing a competitive renewable value chain

From sourcing (PPAs signed) to power generation (solar PV expected installed capacity of 3.3 GW by 2023) with focus on delivering an attractive sustainable offer.

Digitalisation and innovation

Development of energy solutions, applications and smart meters, allowing to expand the services' offer to our customers.

Offering new products and services

Promoting new electric mobility and natural gas offers (Galp Electric, NG/LNG in road and maritime transportation).

Lowering energy intensity

Renewables energy integration, increasing NG/LNG weight in portfolio, best technologies and practices, offering lower to no carbon products and services.

3.5. RENEWABLES & NEW BUSINESSES

As part of Galp's low carbon strategy, the Company aims to develop its power generation activity from differentiated and competitive renewable sources, particularly within a lower carbon intensity context.

The new Renewables & New Businesses unit is a clear step for Galp to embrace the energy transition, by developing a sustainable and diversified portfolio of renewable power generation and represents a natural hedge to our Iberian commercial power activities. Additionally, this unit is developing new business opportunities where Galp can have a competitive advantage to grow and scale fast.

Renewables

Galp has been strengthening its commercial portfolio to provide renewable energy to its customers. In 2019, the Company established two long-term Power Purchase Agreements (PPAs) for a total of c.650 GWh per year for a 12-year period, which underpin 400 MW solar power projects. When operational, these will generate enough energy to power more than 200,000 homes.

During 2018 and 2019, Galp acquired solar power generation licences in southern Portugal. Currently, the Company is continuing to develop these projects to ensure a timely Commercial Operation Date, as well as analysing new projects that will enable Galp to develop its strategy of incorporating energy production from renewable sources.

Already in 2020, Galp agreed with the ACS Group the acquisition of solar PV projects in Spain comprising a total generation capacity of c.2.9 GW. The agreement includes over 900 MW of power generation capacity already in production and a pipeline of projects at different stages of development to be installed until 2023, all with grid access permits. The

transaction, which includes the acquisition, development and construction of all these projects, has a total value of c.€2.2 bn up to 2023.

With all solar PV opportunities in Galp's pipeline in Iberia and expected to be online from 2023, the Company expects to raise its overall power generation capacity to 3.3 GW by that time. These projects are expected to be leveraged and developed through potential partnerships.

Galp's ambition is to gradually grow this business and reach c.10 GW by 2030, depending on project screening and potential returns, focusing on strengthening the Company's presence in Iberia, while looking to explore opportunities in geographies where it finds competitive advantages.

New Businesses

Galp is working towards identifying and developing opportunities expected to become large stand-alone businesses, in areas related to sustainability, energy transition, transportation, infrastructure and manufacturing.

Galp, through Flow, is promoting an integrated electrical mobility solution for its customers' fleets, which includes charging systems, fleet management and vehicle sharing. This solution aims to enable businesses and customers to reduce their ecological footprint and costs simply and efficiently.

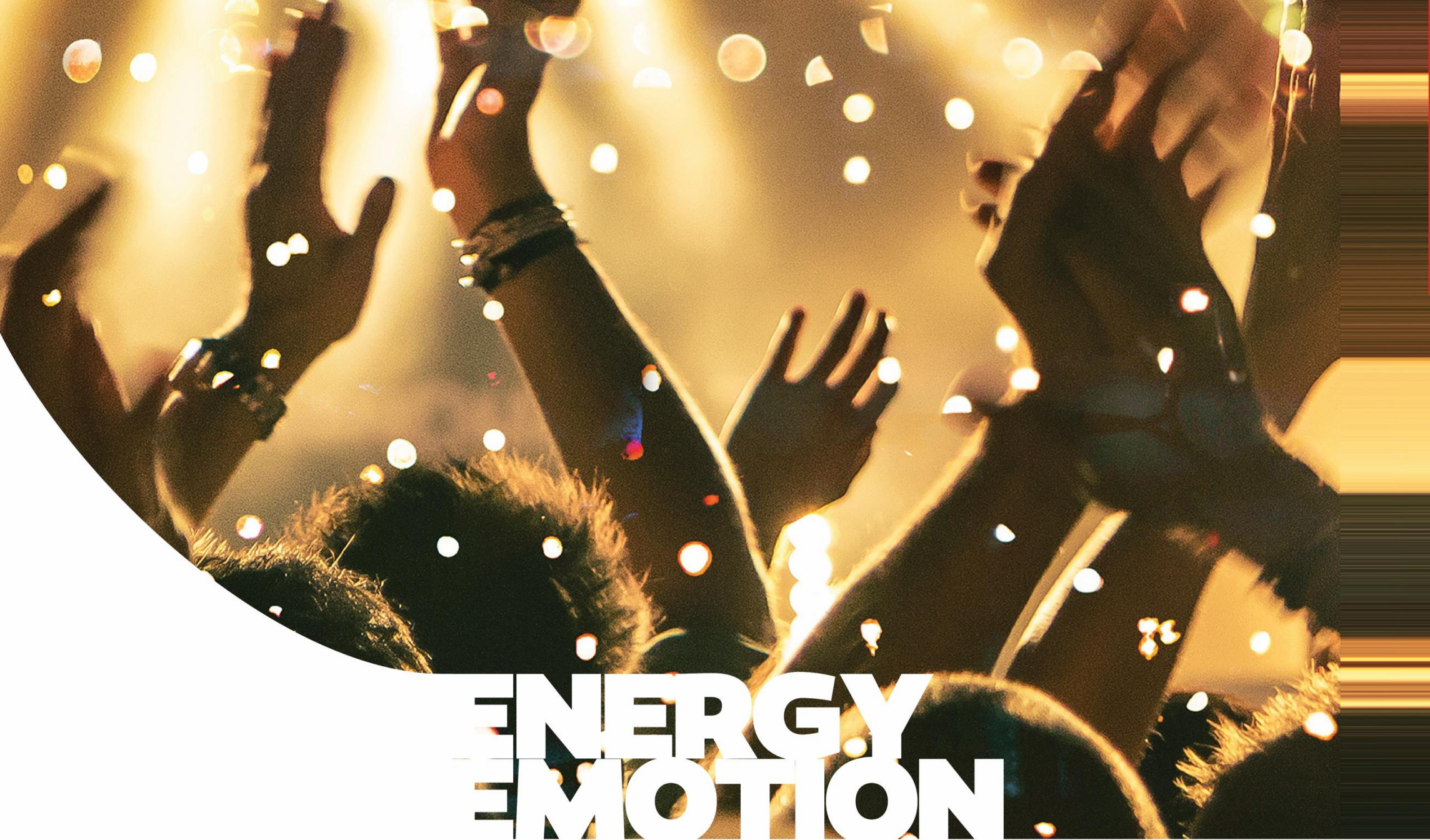
The acquisition of Flow is an example of the way the Company intends to build new businesses, by setting up agile, independent teams that have the tools, capabilities and governance to grow fast in a sustainable way.

Innovation

Galp is committed to creating the space for innovation within the organisation. This led to the creation of Innovation Centres and an Innovation Factory. The former are aimed at working together with the different business units to build new products or revenue streams. The Innovation Factory is expected to have its own organisation and space to develop disruptive business opportunities with cross functional teams and partners.

Another example related to the approach to innovation is the ongoing analysis of hydrogen opportunities, with the Company currently studying the possible production of green hydrogen with potential partners, while analysing options throughout the energy value chain.





ENERGY EMOTION

04

FINANCIAL PERFORMANCE

Every day the world changes and we change with it. We grow because we invest, because we believe and anticipate the future, delivering solid results and a positive operational performance.

**ENERGY
IN MOTION**

FINANCIAL PERFORMANCE
4.1. 2019 HIGHLIGHTS

4.1. 2019 HIGHLIGHTS

Strong financial performance, supported by both upstream and downstream results, despite the challenging refining conditions.

Cash Flow from Operations (CFFO) of c.€1.9 bn, up 7% YoY, excluding the positive impact from the application of the IFRS 16 standard (€189 m).

Free Cash Flow (FCF) reached €922 m in 2019, up 45% YoY.

RCA Ebitda was c.€2.4 bn, in line YoY, excluding the application of the IFRS 16 standard, and above the initial guidance.

Capex reached €856 m, with E&P accounting for 70% and the remaining mainly focused on maintenance and energy efficiency improvements in the refining system, as well as upgrades in the retail network. Net of divestments and timing of payment differences, capex was €734 m.

At the end of the year, net debt was €1,435 m, with net debt to RCA Ebitda of 0.7x.

Note: As at 1 January 2019, Galp adopted the IFRS 16 accounting standard. 2018 figures were not restated according to this accounting standard. For additional information, please refer to Notes 3.1 and 7 of the “Notes to the consolidated financial statements as at 31 December 2019” which are presented in Part III of this report – Consolidated and individual financial statements 2019.

Ebitda and Ebit split per business segment in 2019 (€ m)

	IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda
Total	2,219	(12)	2,207	174	2,381
E&P	1,552	-	1,552	200	1,751
R&M	460	(19)	441	(26)	415
G&P	183	7	189	-	189
Others	25	-	25	-	25

	IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit
Total	1,232	(12)	1,220	167	1,387
E&P	994	-	994	195	1,189
R&M	55	(19)	36	(29)	8
G&P	164	7	171	-	171
Others	19	-	19	-	19

4.2. OPERATIONAL PERFORMANCE

Exploration & Production

RCA Ebitda was €1,751 m, up 22% YoY, with the higher production, a stronger U.S. Dollar against the Euro and the application of IFRS 16, more than offsetting lower Brent prices.

In unit terms, and on a net entitlement basis, production costs decreased to \$3.6/boe, or \$7.0/boe on a pre-IFRS 16 basis, mainly reflecting a higher production dilution from the projects' ramp-up in Brazil and Angola.

Amortisation and depreciation charges (including abandonment provisions) amounted to €561 m, an increase of €214 m YoY, impacted by the increased asset base, new producing units and IFRS 16 effects of €90 m. On a net entitlement basis, DD&A was \$14.4/boe, (or \$12.1/boe on a comparable YoY basis).

RCA Ebit stood at €1,189 m, while IFRS Ebit was €994 m.

Refining & Marketing

RCA Ebitda for the R&M business was €415 m, considering the application of IFRS 16 (positive €51 m impact on Ebitda), down YoY impacted by the lower contribution from the refining activity.

Galp's refining margin decreased YoY to \$3.1/boe, reflecting a volatile international environment, as well as operational

restrictions in the refining system during 2019, namely in Q1 and Q3.

Refining costs increased YoY to €247 m, or \$2.9/boe in unit terms, given maintenance expenditures, including works on the atmospheric distillation unit in Sines, together with the implementation of energy efficiency projects in key units of this refinery as part of the “+\$1/boe” initiatives.

The oil products marketing activity maintained a robust contribution from sales to direct clients, benefiting from the YoY improvement of the Iberian oil market.

RCA Ebit was €8 m, while IFRS Ebit was €55 m, with a negative inventory effect of €19 m and negative non-recurring items of €26 m related to the business unit's restructuring and decommissioning provisions.

Gas & Power

RCA Ebitda increased €53 m YoY to €189 m, mostly supported by an increased contribution from the natural gas and electricity commercial activity, but also benefiting from a stronger performance in the trading activity.

RCA Ebit was €171 m, up 47% YoY, while IFRS Ebit was €164 m.

Results from associated companies reached €92 m, related to the equity interest in GGND and in the international pipelines.

4.3. CONSOLIDATED INCOME

Consolidated income (RCA, except otherwise noted)

	€ m			
	2018	2019	Var.	% Var
Turnover	17,182	16,570	(612)	(4%)
Cost of goods sold	(12,828)	(12,405)	(424)	(3%)
Supply & Services	(1,780)	(1,650)	(130)	(7%)
Personnel costs	(317)	(325)	8	3%
Other operating revenues (expenses)	(24)	189	213	n.m.
Impairments on accounts receivable	(14)	1	16	n.m.
RCA Ebitda	2,218	2,381	163	7%
IFRS Ebitda	2,311	2,219	(91)	(4%)
Depreciation, Amortisation and Impairments	(709)	(986)	277	39%
Provisions	9	(8)	(17)	n.m.
RCA Ebit	1,518	1,387	(131)	(9%)
IFRS Ebit	1,629	1,232	(398)	(24%)
Net income from associates	137	136	(2)	(1%)
Financial results	(70)	(54)	(16)	(23%)
Net interests	(41)	(16)	(25)	(61%)
Capitalised interest	49	24	(24)	(50%)
Exchange gain (loss)	(31)	(10)	(20)	(66%)
Mark-to-market of hedging derivatives	(28)	81	109	n.m.
Operating leases interest (IFRS 16)	-	(90)	(90)	n.m.
Other financial costs/income	(19)	(43)	24	n.m.
RCA Net income before taxes and minority interests	1,585	1,468	(117)	(7%)
Taxes	(726)	(758)	32	4%
Taxes on oil and natural gas production ¹	(449)	(610)	161	36%
Non-controlling interests	(151)	(150)	(2)	(1%)
RCA Net income	707	560	(147)	(21%)
Non-recurring items	(31)	(177)	147	n.m.
RC Net income	676	383	(293)	(43%)
Inventory effect	64	6	(58)	(91%)
IFRS Net income	741	389	(352)	(47%)

¹ Includes SPT payable in Brazil and IRP payable in Angola.

FINANCIAL PERFORMANCE
4.3. CONSOLIDATED INCOME

Financial results were -€54 m, impacted by the €90 m interest expenses related with operational leases under IFRS 16. Otherwise, financial results were strong, reflecting the positive mark-to-market variations, mostly related with derivatives to cover natural gas price risks, exchange gains and lower net interests. Excluding the IFRS 16 effect, financial results would have been positive by €63 m.

RCA taxes increased YoY to €758 m, reflecting the stronger results, namely in the upstream business.

Non-controlling interests of €150 m were mainly attributable to Sinopec's 30% stake in Petrogal Brasil.

RCA net income was €560 m and IFRS net income reached €389 m. Non-recurring items, which amounted to €177 m, include the impact from the unitisation of the Lula and Sépia fields, as well as c.€50 m related to CESE and SPT adjustments from previous periods.

The provision related to CESE results from the strict applicability of accounting standards. However, in Galp's opinion, based on the opinion of renowned legal experts, the laws regarding CESE have no legal grounds and, accordingly, such amounts are not due.

Non-recurring items

	€ m	
	2018	2019
Non-recurring items impacting Ebitda	(27.8)	173.5
Margin (Change in production) - Lula unitisation	-	199.7
Gains/losses on disposal of assets	-	(41.3)
Asset write-offs	-	(5.4)
Employee restructuring charges	3.6	20.5
Litigation costs	(31.4)	-
Non-recurring items impacting non-cash costs	(18.6)	(6.7)
Depreciations and Amortisations - Lula unitisation	-	(4.3)
Asset impairments	(18.6)	(2.4)
Non-recurring items impacting financial results	7.9	34.5
Gains/losses on financial investments	7.9	14.2
Financial costs - Lula and Sépia unitisation	-	20.3
Non-recurring items impacting taxes	69.4	36.1
Taxes on non-recurring items	9.0	(71.6)
SPT adjustments from previous years	-	58.6
Energy sector contribution taxes	60.4	49.0
Non-controlling interests	(0.1)	(60.0)
Total non-recurring items	30.9	177.4

4.4. CAPITAL EXPENDITURE

During 2019, capex reached €856 m. E&P accounted for 70% of total capex, with development and production activities accounting for 81% of the total investments in the upstream mostly allocated to BM-S-11/11A in Brazil and Mozambican Area 4.

Expenditure in exploration and appraisal activities was mainly related to works in the Bacalhau area and the acquisition of the final 3% stake in BM-S-8 in Brazil.

Investments in the downstream activities were mainly focused on the improvement of refining energy efficiency as well as on the renewing of the retail network.

Capital expenditure per business segment

	€ m		
	2018	2019	Var.
Exploration & Production	622	600	(22)
Exploration and appraisal activities	218	115	(104)
Development and production activities	403	485	82
Refining & Marketing	258	243	(15)
Gas & Power	9	2	(7)
Others	10	11	0
Capital Expenditure¹	899	856	(43)

¹Capital Expenditure figures based on change in assets during the year.

4.5. CASH FLOW

CFFO of c.€1.9 bn, up 19% YoY, considering the €189 m positive impact from IFRS 16. Excluding this effect, CFFO would have increased 7% YoY, with an increased contribution from upstream as well as from the downstream activities, despite the weak refining environment.

2019 FCF reached €922 m, up 45% YoY, or €232 m considering the full year dividend to shareholders of €559 m, and non-controlling interest payments of €132 m, mainly to Sinopec.

Cash flow – indirect method (figures in IFRS)

	€ m	
	2018	2019
Ebit ¹	1,629	1,405
Dividends from associates	118	146
Depreciation, Amortisation and Impairments	691	979
Change in Working Capital	(230)	(138)
Corporate income taxes and oil and gas production taxes	(613)	(503)
Cash flow from operations	1,594	1,890
Net capex	(896)	(734)
Net financial expenses	(63)	(45)
Operating leases payments (IFRS 16) ²	-	(189)
Free cash flow	635	922
Dividends paid to non-controlling interests ³	(16)	(132)
Dividends paid to shareholders	(477)	(559)
Post-dividend free cash flow	142	232
Others	7	71
Change in net debt	(149)	(302)

¹ Adjusted for the non-cash unitisation non-recurring item.

² Includes both interest and capital payments, which in 2019 amounted to €90 m and €99 m, respectively.

³ Mainly dividends paid to Sinopec.

4.6. FINANCIAL POSITION

Consolidated financial position

	€ m		
	2018	2019	Var.
Net fixed assets ¹	7,340	7,358	18
Rights of use (IFRS 16)	-	1,167	1,167
Working capital	814	952	138
Loan to Sinopec	176	-	(176)
Other assets/liabilities ¹	(546)	(1,161)	(615)
Capital employed	7,784	8,316	532
Short term debt	559	278	(281)
Medium-Long term debt	2,686	2,616	(69)
Total debt	3,245	2,895	(350)
Cash and equivalents	1,508	1,460	(48)
Net debt	1,737	1,435	(302)
Operating leases (IFRS 16)	-	1,223	1,223
Equity	6,047	5,657	(389)
Equity, net debt and operating leases	7,784	8,316	532

¹ For the period ending in 31 December 2019, net fixed assets and other assets/liabilities include the estimated impact from unitisations.

On 31 December 2019, net fixed assets were €7,358 m. Work-in-progress, mainly related to the E&P ongoing developments, stood at €1,927 m.

Other liabilities increased €615 m YoY, following an increase in CESE provisions, abandonment provisions and impacted by the reversal of deferred SPT credits, both within the upstream business. It should also be noted that this caption includes a €155 m estimated payable related to the estimated impact from unitisations, while the receivable amount is still to be booked according to the ongoing unitisation process.

ROACE was 7.3% at the end of the year. Excluding impacts from adjustments related to previous periods, namely unitisation processes, ROACE would have reached 9.7%.

On 31 December 2019 net debt was €1,435 m, down €302 m YoY, supported on the strong cash generation during the period. Liabilities associated with operating leases were €1,223 m. Net debt to RCA Ebitda was 0.7x.

The average funding cost stood at 1.8% and the average life increased to 2.9 years.

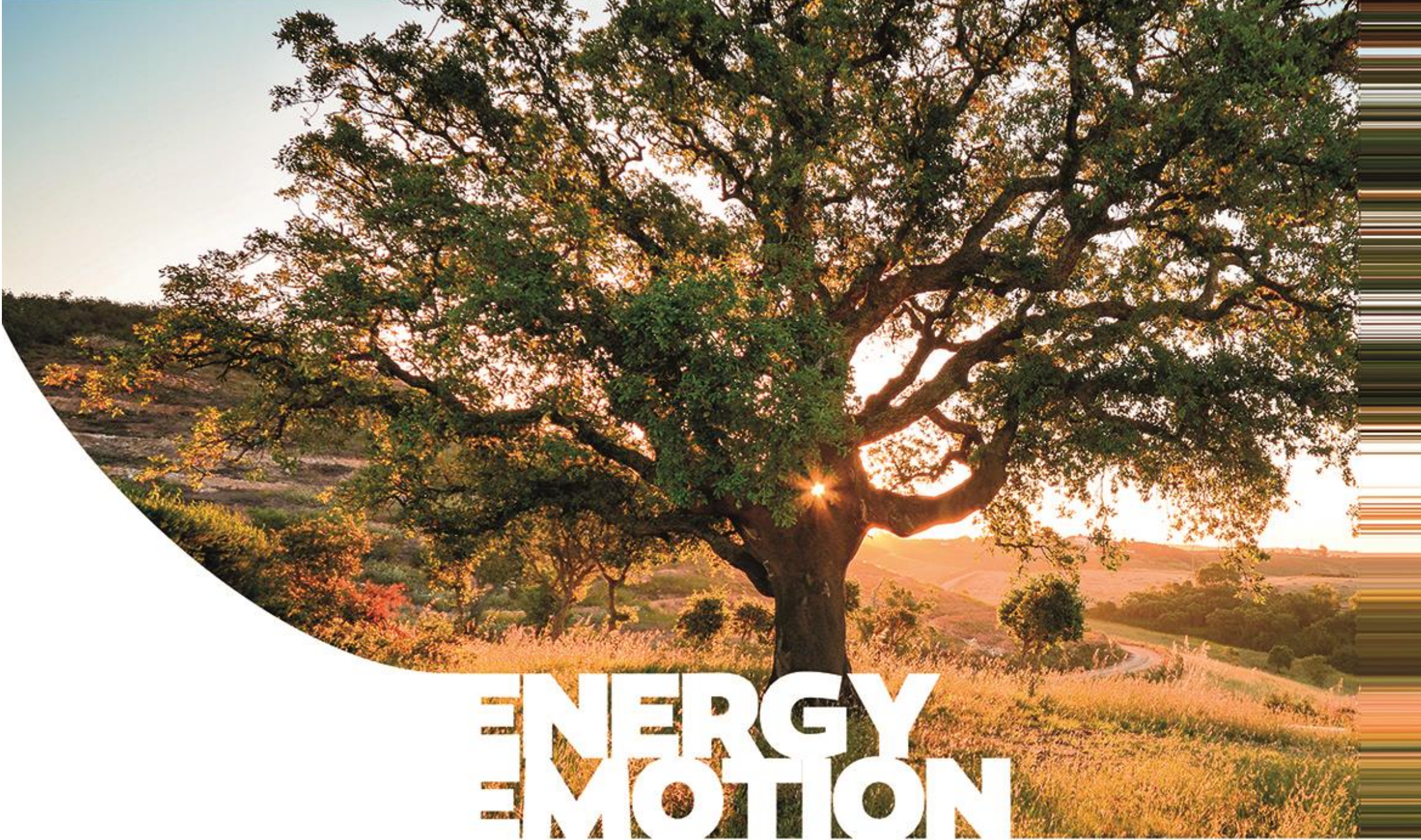
At the end of the period, Galp had unused credit lines of approximately €1.2 bn, of which c.70% were contractually guaranteed.

4.7. SUBSEQUENT EVENTS

The beginning of 2020 has been marked by a challenging environment, mainly driven by the developing COVID-19 pandemic and low commodity prices, leading to an increased market volatility amid concerns over its effects on the global economy.

We are taking immediate action to mitigate these effects, namely the ones related to the safeguard of the well-being of our People and using our capabilities to support our customers and the communities around us, while ensuring the business continuity and the Company's financial strength.

Despite the uncertainty caused by these unprecedented circumstances, at this date, our medium and long-term outlook remains unchanged.



ENERGY EMOTION

05

THE JOURNEY TO A SUSTAINABLE FUTURE

Today is a good day to change our actions and make them more conscious. Inside Galp, we use our energy every day to transform the ambition of a sustainable world on intelligent energy.

**ENERGY
IN MOTION**

5.1. THE PACE OF SOCIETY EVOLUTION

There is currently emerging the double challenge of delivering more energy to a growing society while reducing greenhouse gas emissions, using technology as one of the drivers of this change - the energy transition. This transition brings the inclusion of climate variables in business models and decision-making at the top of the global and Organisations' agenda.

The international sustainable development context steers organisations towards alignment with the Sustainable Development Agenda (SDA) and the Paris Agreement.

The SDA aims to reconcile prosperity with the protection of the planet, acknowledging that sustainable development requires the simultaneous pursuit of economic growth, social inclusion and environmental protection. The Paris Agreement, the global agreement for reducing greenhouse gas emissions, establishes the objective of keeping the global temperature increase well below 2°C, compared to the pre-industrial period, and seeks to motivate the development of long-term visions that translate into risks and opportunities for business models.

The great challenge for society as a whole is to find fair and global transition mechanisms and platforms, focusing on the principles of technological diversity, with an emphasis on the proportionality of internalising carbon cost and transparency, based on the development of market mechanisms that promote the most efficient and competitive solutions for each case.

5.2. OUR PURPOSE

Our value proposition

Based on the challenges outlined above, our purpose is to develop profitable and more sustainable businesses, creating long-term value for our stakeholders.



Galp has the ambition to contribute to internationally established sustainability benchmarks and principles, being committed to an ethical and responsible performance, focused essentially on four pillars, which are incorporated into our strategy:

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

Management's commitment

We incorporate the principles of sustainability into the Organisation's management process, starting with the governance model.



The objective of our governance model is to promote a decision-making culture based on the assessment of risks and opportunities and on an integrated management approach that considers the entire life cycle of operations. We ensure operational excellence of integrated management through an Integrated Management System (IMS) for Environment, Quality, Safety, Energy and Social Responsibility. We are the first energy company in Portugal to have obtained external certification in these five dimensions since 2018.

Specific requirements applied to different stages of project development throughout their life cycle



HEALTH

Occupational health and medical surveillance
Physical aptitude for work
Medical emergency (Medevac)
Epidemic management
Community health



SAFETY & SECURITY

Risk Management
Operational safety management
Product safety
Security



SOCIAL

Stakeholder relations
Community investment
Human rights and indigenous communities
Land management and relocation (resettlement)



ENVIRONMENT

Biodiversity
Climate change
Energy efficiency
Consumption of natural resources
Acoustic impacts
Air emissions
Waste management
Soil and groundwater
Water and wastewater
Spill response

We have a comprehensive vision in all projects and activities throughout their life cycle, integrating specific environmental, social, health, safety and security requirements, using due diligence and environmental and social impact assessment processes, the results of which form part of the decision-making criteria.

5.3. BE RESPONSIBLE

Tackling the Climate Change Challenge

OUR GOALS 2022



Reduction of CO₂e emissions related with electricity purchased in Portugal by 2021

100%



Planned investment allocated to projects that promote energy transition

40%



Planned investment in innovation and R&D for 2020-2022

>€120m

OUR PROGRESS



Carbon intensity

77.18 gCO₂ e/MJ



Investment allocated to projects that promote energy transition

c.€150 m

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



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



13
CLIMATE
ACTION

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

As part of the energy transition that Society is undergoing, Galp promotes debate and knowledge sharing on this topic. On the Sustainability Day 2019 we mobilised a wide range of stakeholders to discuss the context and challenges inherent to the decarbonisation of energy, with the collaboration of Galp's management team, sector partners, the Portuguese Environment Agency and the International Energy Agency. We are also involved with our peers and scientific partners in the

development of decarbonisation metrics methodologies applicable to the sector, in alignment with the Science-Based Targets, on a project coordinated by the CDP.

Galp's strategic commitment to the energy transition includes developing mechanisms to ensure appropriate management of the risks and opportunities arising from the decarbonisation of the economy. To this end, we created Our CO₂mmittment, an internal programme of low carbon initiatives with the objective

THE JOURNEY TO A SUSTAINABLE FUTURE
5.3. BE RESPONSIBLE

of leveraging projects within the following strategic lines of action:

- Development of renewable energy generation;
- Increase the NG/ LNG weight in the portfolio;
- Energy efficiency of assets and operations;
- Development of low to no carbon fuels; and
- Capture, sequestration and storage of CO₂ and natural offset options.



Identify

To map all low carbon initiatives taking place at Galp, within the programme requirements



Monitor

To follow-up the evolution of the initiatives and provide the corporate support need for its development

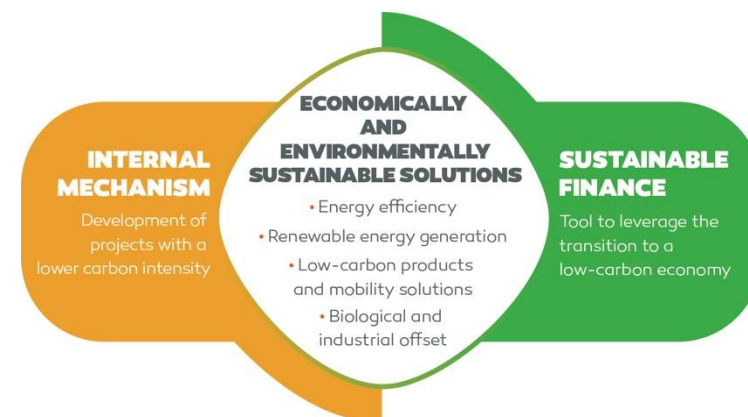


Promote

To create internal mechanisms that promote the development of more initiatives aligned with "Our CO₂mmitment"

This programme aims to address energy transition challenges, accelerating the development and implementation of low carbon projects, while encouraging current operations to reduce their carbon intensity.

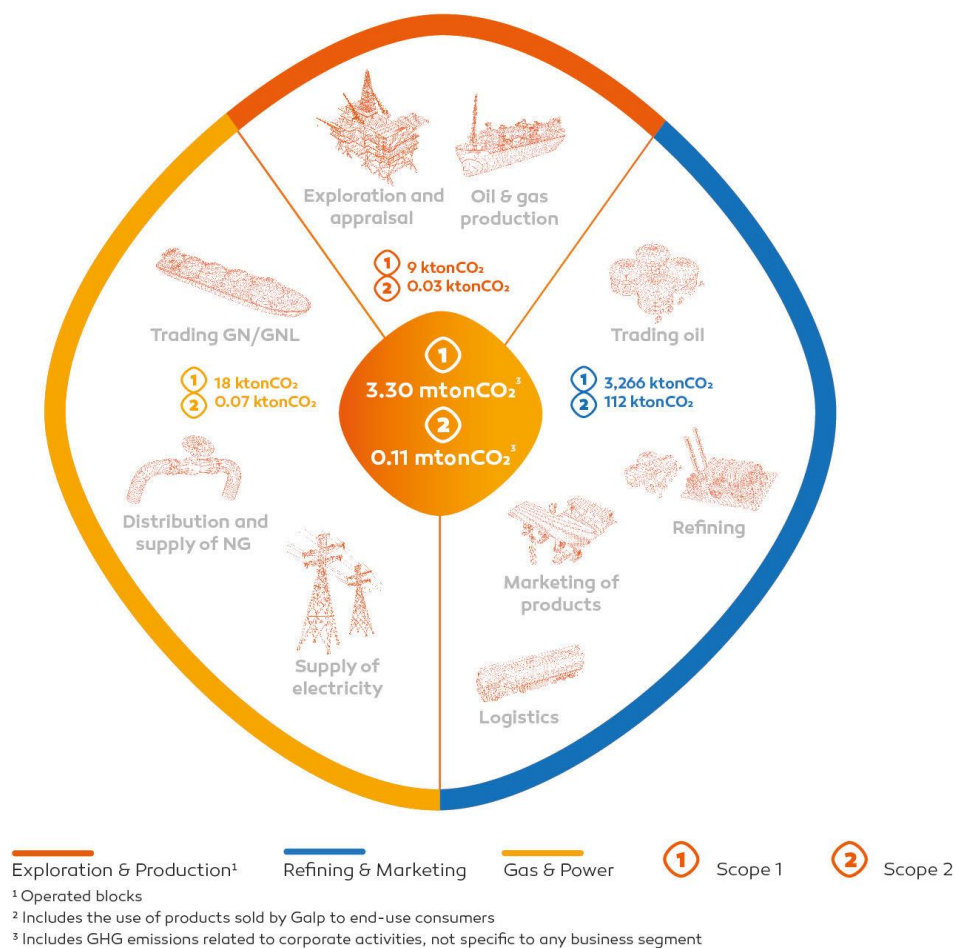
Our CO₂mmitment covers all initiatives aimed at reducing greenhouse gas emissions (GHG) along Galp's value chain, envisaging a periodic consolidation and monitoring of the evolution of these initiatives, as well as annual verification by a third party.



CO₂, a variable to be taken into account

We integrate the carbon variable into our decisions, ensuring the mapping and monitoring of GHG emissions along the Galp value chain, anticipating its impact on current and future projects and business. We use a number of tools to model the reduction of the GHG emissions from our activities and projects, incorporating this information into the decision-making process of top management.

Carbon footprint



③ Scope 3

	Purchased goods and services	6.47 mtonCO ₂ e
	Fuel and energy related activities	0.94 mtonCO ₂ e
	Business travel	0.01 mtonCO ₂ e
	Transportation and distribution	0.72 mtonCO ₂ e
	Processing of sold products	16.45 mtonCO ₂ e
	Use of sold products ²	34.01 mtonCO ₂ e
	Investments	0.69 mtonCO ₂ e

Carbon price

Galp applies an internal carbon price of \$50/tonCO₂e on GHG emissions in the project assessment process, ensuring that potential costs arising from a global internal carbon price are incorporated into investment analyses. When assessing GHG emissions, we include the entire value chain of the project, ensuring proper management of the risk associated with decarbonisation. For this analysis, the upstream and downstream GHG emissions of the activity being assessed are estimated and incorporated, together with the impact of the operation's emissions on Galp's carbon footprint.

Galp's role in the energy transition

INNOVATIVE AND DIFFERENTIATING SOLUTIONS

COMPETITIVE AND DIVERSIFIED UPSTREAM PORTFOLIO

ASSETS ADAPTATION AND EFFICIENCY IMPROVEMENT

CONSTANT ADAPTATION TO THE NEEDS OF OUR CLIENTS



Internal price on carbon (\$50/tonCO₂e)

Alignment with the TCFD and CDP recognition

Development of a low carbon profile

¹Applicable to the electricity purchased by
Galp operations in Portugal

²Carbon Intensity in refining

A competitive and innovative upstream

Upstream carbon intensity

We achieved a carbon intensity of 9.4 kgCO₂e/boe, considering direct greenhouse gas emissions from operations and the hydrocarbon production of operated and non-operated assets, on a WI basis.

Our E&P assets are developed according to international best practices, using the latest technological solutions, allowing us to achieve a more environmentally and economically efficient operation.

In the Brazilian pre-salt, we have developed sustainable and competitive technologies that enable carbon sequestration and capture by separating carbon dioxide from the natural gas produced. CO₂ is then reinjected into the reservoirs, contributing not only to an improvement in operational efficiency but also to reducing the carbon footprint and water consumption, a resource commonly used to improve pressure and stability in reservoirs.

We invest in research and development in our E&P operations, primarily in technologies for carbon capture, sequestration and utilisation with a focus on the areas of:

- Use of CO₂ as a raw material in industrial processes;
- Development of sustainable and competitive technologies for CO₂/CH₄ separation;
- Development of a CO₂ behaviour simulator to minimise the problems associated with the flow of high-carbon oil production; and
- Increase of the oil recovery factor through the reinjection of CO₂, either autonomously or mixed with water.

Zero Routine Flaring

Galp's current offshore projects already operate according to the Zero Routine Flaring initiative by 2030. The Company continues committed to this initiative, ensuring the sizing of new E&P projects to zero routine flaring under normal operating conditions, as an E&P operator.

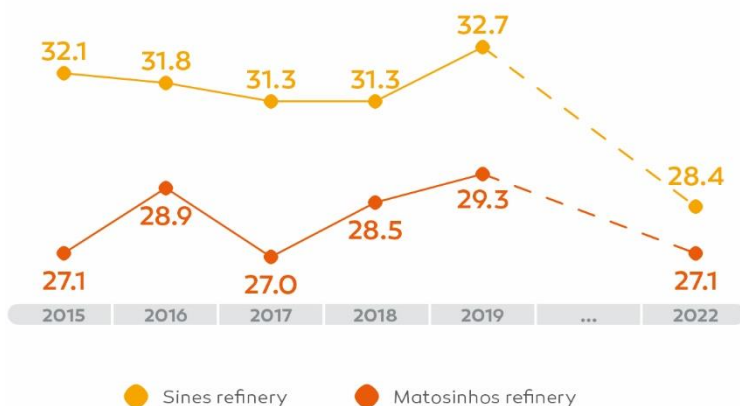
An efficient and flexible Refining & Midstream

Refining

In 2019, Galp maintained its focus on maximising energy efficiency, continuing its work on continuous improvement of its refining system, using resources more efficiently and reducing its carbon intensity.

To this end, we invested c.€42.6 m in improving operational efficiency, including energy efficiency, and in relevant projects, such as the revamping of the atmospheric distillation unit, with an impact on greenhouse gas emissions, representing an annual reduction of 117 kton CO₂e.

By 2025, we will have invested c.€80 m in eco-efficiency projects, avoiding the emission of more than 170 ktonCO₂e. By 2025, we will have reduced our carbon intensity by 25% at the Sines refinery and 15% at the Matosinhos refinery, based on the 2013 figures.

CO₂/CWT

Galp's 2019 performance was affected by sectoral and procedural maintenance works, in addition to extraordinary events, with an impact on normal operating levels. However, we maintain a trend of continuous improvement with a reduction in carbon intensity of 13% and 8%, compared to 2013, respectively at the Sines and Matosinhos refineries.

Biofuels

We have taken an active role in the technological development of the biofuels segment in Portugal, participating in several projects focused on the co-processing of used cooking oil, the generation of ethanol and bio-oil through forest biomass and the production of synthetic crude oil and biomethane through urban solid waste and waste derived fuels.

Enerfuel in 2019

Enerfuel - a second-generation biofuels unit - produced 26,601 m³ of biodiesel, which together with the 283,469 m³ of biofuels incorporated in Portugal and Spain, avoided the emission of 352,532 tonCO₂e, when compared to a fuel of exclusively fossil origin.

Products and solutions for the present and future

Energy with less carbon

In 2019, Galp strengthened its commercial offer of renewable energy to customers through long-term solar PV energy PPAs. These contracts, together with the development of renewable energy projects that are already underway, will enable Galp to make more environmentally sustainable energy available to its customers from 2020.

400 MW capacity | **650 GWh/year** production |
430 ktonCO₂e avoided¹

¹ for a period of 12 years

A unique energy and mobility offer

Galp places its customers at the centre of all its activity and that is why we have continued to develop energy solutions for electric mobility. We had installed 24 fast charging stations and 32 normal charging stations by the end of 2019.

Galp 21

Galp 21 is a cooperation programme between Galp, its customers and three leading engineering universities in Portugal, which annually carries out 21 studies with the aim of identifying more energy-sustainable behaviours and solutions applicable to industry and buildings.

Galp follows and supports these studies through scholarships, with the objective of contributing to the materialisation of energy efficiency projects for its customers.



Galp Energy Solutions

Galp, through its energy solutions business, implements sustainable and energy efficiency solutions for its customers, avoiding the emission of GHGs and promoting a reduction of their energy consumption and costs.

In 2019, we added new projects to our portfolio, using different business models, with a focus on optimisation projects for the premise's energy consumption profile, based on an energy performance contract (ESCO). This year, Galp implemented solutions, together with its customers, that avoided emissions of 345,099 kgCO₂e/year.

THE JOURNEY TO A SUSTAINABLE FUTURE
5.3. BE RESPONSIBLE

People at the centre with a common purpose

OUR GOALS 2022



Rate of employee engagement with the Organization



Local hiring



Women in the BoD after 2022

OUR PROGRESS



Women in the current term of office

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

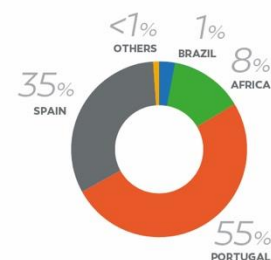
Our people



DISTRIBUTION BY AGE



DISTRIBUTION BY REGION



The most exponential technology is the human relationship

We adopt an integrated life cycle approach to talent and potential management, focused on recruitment, integration, performance management, development, reward and recognition, learning and training, mobility, organisational atmosphere and company values.

Diversity empowerment

Galp is strongly committed to empowering diversity and inclusion by adopting concrete measures in the pursuit of this objective. As at 31 December 2019, Galp had 6,386 employees.

Professional category	Age			Gender		Nationality	
	<30 years	30-50 years	>50 years	Female	Male	Portuguese	Other
Top management	0	115	113	48	180	194	34
Middle management	1	277	173	165	286	381	70
Specialist	196	1,219	463	725	1,153	1,271	607
Other	451	2,567	811	1,798	2,031	1,640	2,189
Total	648	4,178	1,560	2,736	3,650	3,486	2,900

Galp publishes, annually, its equal opportunity plan, which includes measures to achieve equal treatment and eliminate gender discrimination. We also renewed our commitment to the iGen Forum (Organisations for Equality Forum), which aims to incorporate the principles of equality between women and men at work and in employment into the strategy and management model.



Galp is the only company in Portugal and in the O&G sector in the world, selected for the 2019 Bloomberg Gender Equality Index. The 230 companies included in the index are global leaders in advancing women in the workplace.

We have also established a commitment to increasing the number of employees with disabilities, which is reflected in the protocol signed with the Inclusive Community Forum (ICF), an initiative of Nova SBE.

In fulfilment of the commitments made by Galp, an internal and permanent transversal group was set up to reflect and act in favour of the promotion of gender equality and the inclusion of people with disabilities. We listened to the organisation on the importance of these issues, gathering around 50 people from Galp in a World Cafe dynamic, to discuss the importance of topics and solutions relating to gender equality, age and disability.

In 2019 we implemented a set of training sessions for the entire organisation on the topic of diversity, namely on unconscious bias.

In addition to the commitments undertaken within the scope of the iGen Forum and ICF, we have implemented the following initiatives:

- Membership of PWN - Professional Women's Network of Lisbon and holding of discussion forums on gender neurosciences.
- Signing up for the UN Global Compact's "Equality means business" initiative as a means of measuring the gender gap and alignment of commitments in this area.

We manage talent and potential

We attract new generations of professionals

Through the Generation Galp trainee programme, we attract and develop promising new professionals, bolstering our connection with the academic world.

This two-year programme is valued for the diversity of opportunities it offers, the networking and the complementary training associated with it. We also challenge our trainees and their innovative minds to present ideas to the Executive

Committee that will improve the Organisation in several areas, from the future of work to the development of new businesses.

In 2019, the 21st Generation Galp Programme welcomed 26 new members to our team, who will face various professional challenges at the Company.



We identify and recognise the potential of our people

Our performance management system is an essential component for the alignment of each employee with the corporate strategy, objectives and values and is based on a culture of ongoing feedback. We also hold days dedicated to reflection and debate on the performance and potential of our people.

In 2019, the performance appraisal process covered about 97% of employees.

We create growth opportunities



Learning and training strategy

We have been implementing the new learning strategy - 70/20/10 (Do, Share, Know) - learning@galp - developing pilots, new programmes and, above all, more experimental and transformational approaches, which allow for customised development of skills for the future.

Partnerships for exponential knowledge

With the aim of promoting and inspiring innovation, helping national leaders and entrepreneurs to interconnect good ideas and emerging technologies in order to provide a response for the major global challenges of society, Galp joined Singularity University as a founding member in Portugal. In 2019, this initiative had 90 participants at a two-day conference and a workshop.

We are also founding partners of the annual international event - House of Beautiful Business. At this disruptive event, attended by several CEOs, philosophers, social scientists, artists, entrepreneurs, students, etc, the topic of discussion focused on the humanisation of business in a "machine age".

Internal mobility is beneficial for people and teams

We believe that the mobility dynamics at Galp benefits the talent retention, networking, partnership and agility of the Company. At Galp, the mobility programme is part of an integrated approach to the development of our people and building their careers, exposing them to new contexts and challenges

Our Communities

With the objective of creating shared value, Galp addresses social needs, in line with the Sustainable Development Goals, for each context and place in which it carries on activities.

We guarantee the social licence to operate

We assess and establish strategies for mitigating the potential impact of our operations on the local community. We ensure that throughout the life cycle of our projects we identify, analyse, estimate, evaluate and monitor the expectations of stakeholders, particularly the local community, in order to assess the risks and opportunities that may compete for our social licence to operate (due diligence).

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

For each project or operation, we have also defined and implemented a Grievance Mechanism, appropriate for the stakeholders and each phase of the project.

Namibia

As part of the Environmental Impact Assessment (EIA) process for the drilling phase in Namibia, a Stakeholder Involvement Plan was developed, which included two public meeting sessions with the objective of providing an overview of the project, the main issues of concern and potential impacts and the main mitigation actions that will be implemented.

Four face-to-face training sessions on geoscience applied to the O&G industry were also held for students from the Geology and Petroleum Engineering courses.

We invest in the community to generate impact

Our social investment policy and strategy is aimed at the social and economic development of local communities, in order to bring about permanent and transformative results in line with the Sustainable Development Goals.

We assess the social impact of our projects, monitoring their return in terms of community benefits. The following projects are among those that have an impact on the development of the surrounding communities:



Sustainable Energy

Promoting community prosperity and environmental protection through energy

PROJECT

Fumukaba, Energiza and Terra de Esperança

IMPACT

- More than 27,800 affected families and more than 222,000 benefitted inhabitants, with access to energy
- More than 550 thousand tonCO₂ avoided
- 125 electrified infrastructures
- 500,000 of planted trees (42.5 thousand tons of CO₂ avoided in 30 years)



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



15 LIFE ON LAND



Social Development

Embracing the causes of local communities in partnership

PROJECT

Galp Mentors

IMPACT

- 55 students supported
- 82 Galp volunteers involved
- 3 professional internships and 3 social and merit-based scholarships awarded



1 NO POVERTY



4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



Education and Knowledge

Being a positive influence for a sustainable society

PROJECT

Galp Educational Movement

IMPACT

- More than 1 million impacted students
- 108 thousand teachers involved
- 6,651 portuguese schools involved
- More than 4,200 energy classes taught
- More than 360 volunteers involved



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER

Galp is a member of the London Benchmarking Group and uses its methodology, which is an international benchmark to classify, manage, measure and communicate its contribution to society.

Motivation (k€)	
Donations	899
Community investments	20,771
Commercial initiatives in the community	1,669
Geography (k€)	
Europe	4,464
Middle East and Africa	706
South America	18,169
Total (k€)	23,339

Voluntary work	
Number of volunteers	668
Volunteer hours (Galp employees)	>2,700

THE JOURNEY TO A SUSTAINABLE FUTURE
5.3. BE RESPONSIBLE

Reducing our Ecological Footprint

OUR GOALS 2022



Increase eco-efficiency, with a focus on standardised water consumption and atmospheric emissions indicators



No net loss in biodiversity



Sites assessed in terms of water and biodiversity risks

OUR PROGRESS



NO_x emissions¹



SO₂ emissions¹



Particulate emissions¹



Water consumption¹



Energy consumption¹

¹ Vs. 2013

OUR ALIGNMENT WITH THE SDGs

SDGs and Key Targets



6
CLEAN WATER AND
SANITATION

Target 6.4: Substantially increase water use efficiency and ensure sustainable withdrawals and fresh water supply to address water scarcity



9
INDUSTRY, INNOVATION
AND INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialisation



12
RESPONSIBLE CONSUMPTION
AND PRODUCTION

Target 12.2: Achieve sustainable management and efficient use of natural resources

Target 12.4: Achieve an environmentally sound management of chemicals and all waste throughout the life cycle of chemicals and waste

Target 12.5: Substantially reduce the production of waste through prevention, reduction, recycling and reuse



15
LIFE ON LAND

Target 15.1: Ensure the conservation, restoration and sustainable use of terrestrial and freshwater ecosystems and their services, in accordance with obligations under international agreements

We promote eco-efficiency

We are committed to continuous improvement of our performance

We take operational eco-efficiency as a strategic issue, promoting the adoption of the best available technologies in order to continuously improve our performance. We implement efficiency measures in the use and management of resources in all phases of the life cycle of facilities, products and services. We set goals and targets and define monitoring plans and periodic reporting of our performance, across all geographies.

	2016	2017	2018	2019	Refining ¹
Direct energy consumption per primary source (TJ)	45,712	49,815	41,688	40,906	82.3%
Purchase of electric energy (TJ)	1,728	1,911	1,771	1,597	83.9%
Total consumption of raw water (10 ³ m ³)	10,176	10,812	10,319	10,774	87.8%
Wastewater produced (10 ³ m ³)	6,336	5,697	6,455	5,989	90.2%
Waste produced (ton)	27,215	30,115	44,203	39,674	74.2%
Number of primary containment losses discharged into the environment	4	3	8	3	33.3%
Volume of primary containment losses discharged into the environment (m ³) ²	5	5	14	61	98.8%
GHG emissions under EU-ETS (tonCO ₂ e)	3,424,131	3,578,168	3,216,219	3,258,709	100%
NO _x emissions (ton)	1,571	1,617	1,530	1,458	83.8%
SO ₂ emissions (ton)	5,233	5,664	3,957	3,069	99.7%
Particulate matter emissions (ton)	183	227	221	243	97.0%
Carbon Footprint – direct emissions (tonCO ₂ e) (scope 1)	3,759,931	3,624,706	3,264,935	3,298,107	98.8%
Carbon Footprint – indirect emissions (tonCO ₂ e) (scope 2)	171,950	228,035	133,516	112,504	83.9%
Gas flaring – E&P (m ³)	783,168	1,109,485	1,191,924	1,019,818	0%

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

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

We care for water resources and biodiversity

We promote the reduction of water consumption and encourage reuse



We act responsibly and proactively regarding the protection of water resources. In addition to the appropriate management of Galp's potential impact in this domain, we regularly and transparently communicate the mapping of our operations, according to the risk associated with the water use, using the Water Risk Filter and Aqueduct Water Tool, developed by WWF and WRI, respectively. According to the mapping carried out in 2019, 4.6% of our operations are located in areas with scarce water resources, representing only 0.09% of Galp's total water consumption.

Our refineries consume 88% of the water used in all our operations. For this reason, we adopt efficiency measures at these facilities to reduce water consumption, increase its reuse and recycling, improve wastewater treatment and reduce the associated discharges.

To ensure the quality of ground water resources, we monitor quality in our upstream and downstream operations, particularly in onshore operated blocks and at refineries.

We protect the habitats and species impacted by our activities



Galp is committed to safeguarding biodiversity and ecosystem services in all geographies where it operates, ensuring their preservation throughout the life cycle of its projects. We have developed internal regulations and procedures, that are in line with IMO, IOGP and IPIECA guidelines, focused on a better integration of biodiversity into environmental impact assessments and the identification and implementation of appropriate solutions for managing activities in potential biodiversity sensitive areas.

We identify risks and impacts through annual mapping of biodiversity conservation and protection areas around all our facilities, up to a 50 km radius, using the Integrated Biodiversity Assessment Tool (IBAT). We also monitor the number of species on the IUCN Red List around all our facilities.

None of our operating sites are located in an area with significant biodiversity relevance. For this analysis, we considered the Key Biodiversity Areas (Alliance for Zero Extinction Sites and Important Bird and biodiversity Areas), as well as the protected areas by the International Union for the Conservation of Nature (IUCN), Natura 2000 Network, Ramsar and the sites classified as World Heritage by UNESCO.

Operated blocks

S. Tome and Principe

In 2019, we carried out an Environmental, Social and Health Impact Study for an exploratory drilling and assessment programme in block 6. No impacts were identified that could not be minimised to acceptable levels by applying the mitigation measures contained in the project's Environmental and Social Management Plan. In the biodiversity area, we will adopt the guidelines of the Joint Nature Conservation Committee (JNCC) to minimise the risk of disturbance and harm to marine mammals. These guidelines will also protect other marine fauna, such as turtles, through the use of Marine Mammal Observers (MMO).

Namibia

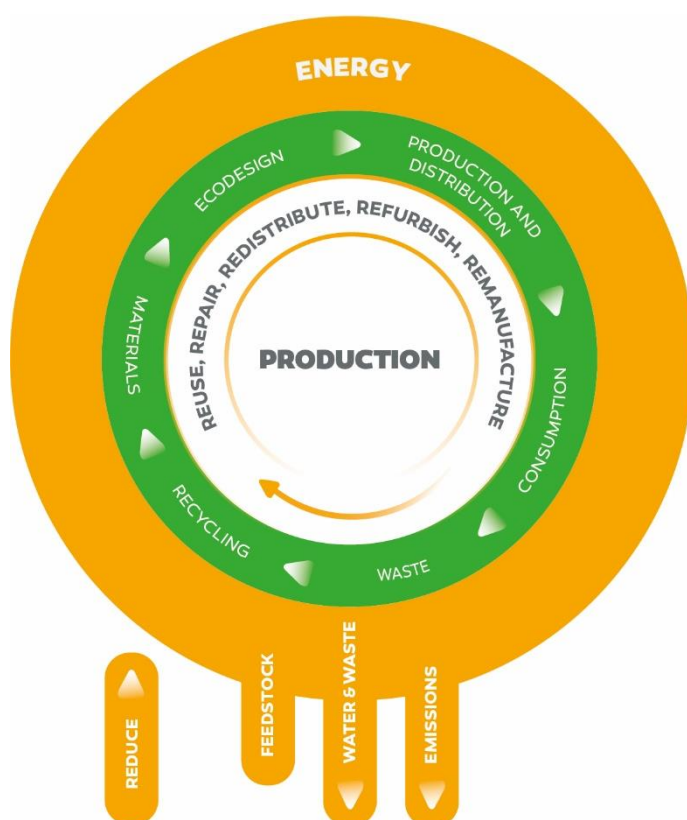
In 2019 we successfully completed the 3D seismic acquisition campaign for the Petroleum Exploration License. Before this operation began, an environmental impact assessment was conducted, with the objective of identifying, assessing and mitigating the possible impacts on people, the local community and the environment. To ensure maximum protection of local biodiversity, three marine mammal experts followed the entire operation aboard the ship and monitored the marine mammal species that could potentially be affected. More than 61 sightings and detections of mammals were reported, and all international best practices were followed.

Non-operated blocks

As part of the shared commitments established in the joint ventures, our partners, who manage the blocks that are not operated by Galp, develop a set of initiatives to promote and preserve biodiversity. In the case of the Santos Basin, in the last four years, more than 8,000 birds, turtles and mammals have been supported by the beach monitoring project, enabling the reinsertion of more than 2,000 animals into the ecosystem after veterinary treatment.

We promote the circular economy

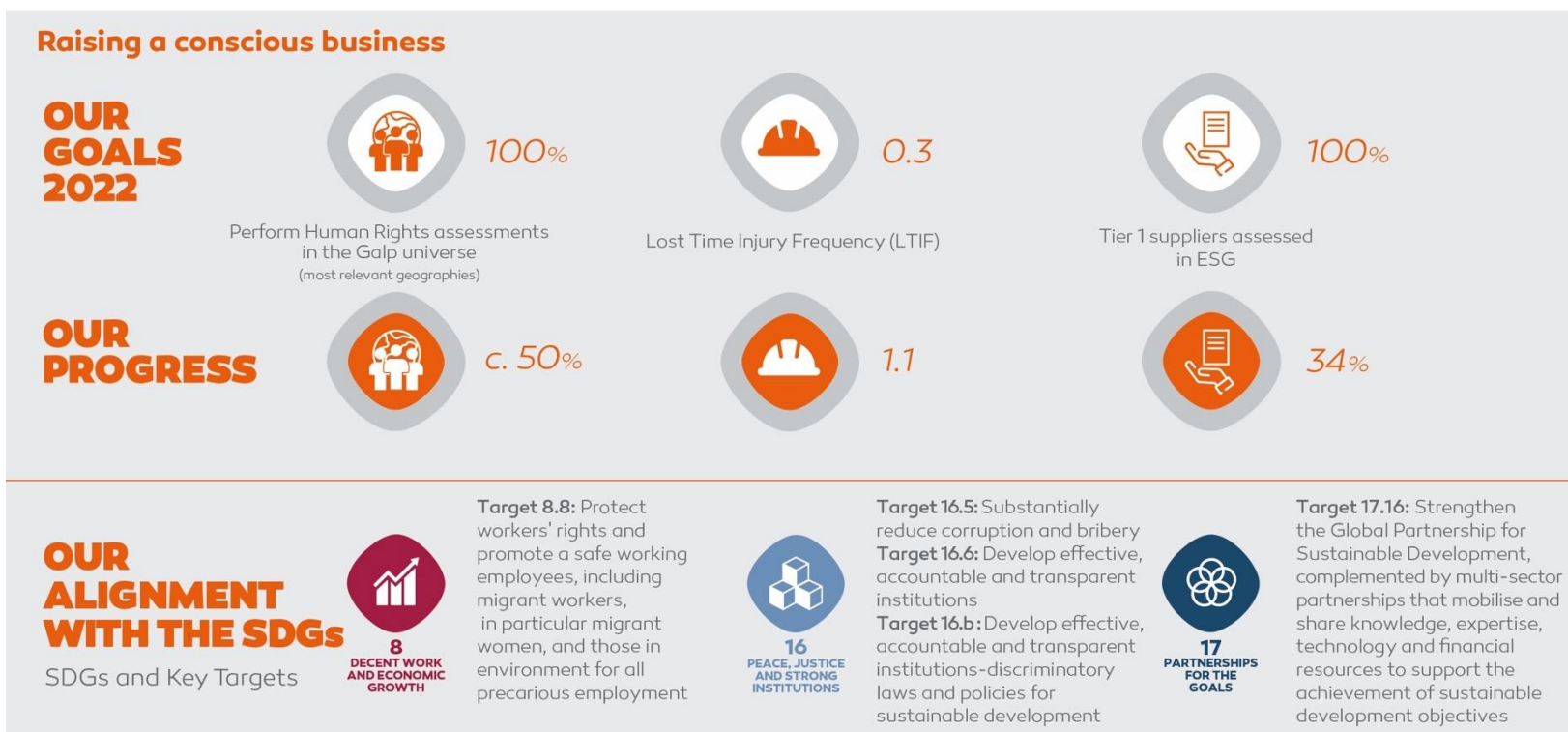
The future lies in maximising the value and use of resources, contributing to a low carbon economy, as also advised by the European Commission's Green Deal. We have therefore concentrated our efforts on industrial symbiosis, studying solutions for material flows in order to close the material cycle.



We highlight the approval of the process for using the exhausted catalyst as a by-product at the Sines refinery. This is reused and incorporated into the cement industry.

In order to intensify its level of circularity, Galp has created other mechanisms to explore new opportunities. The exploratory approach adopted was to study technological solutions for the conversion of residual raw material into low carbon fuels and/or chemicals, as well as technologies for carbon capture and use.

THE JOURNEY TO A SUSTAINABLE FUTURE
5.3. BE RESPONSIBLE



Our culture of transparency and ethics

At Galp, we base our actions on business ethics and conduct, and extend these values to all our stakeholders.

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

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

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

We address human rights

Protect, Respect, Repair

Galp operates in diverse social, political and cultural contexts. In this way, we are committed to acting in such a way that none of our actions and management activities lead, directly or indirectly, to an abuse or violation of human rights.

In 2019, Carlos Gomes da Silva joined the group of Portuguese CEOs who signed the CEO Guide to Human Rights by BCSD Portugal.

We have adopted a continuous process of due diligence to ensure this approach in the 11 countries where we are present, in which we foresee the definition of action plans, and their respective monitoring, to ensure that our practices are aligned with Galp's Human Rights Policy. Our focus is on three areas where respect for human rights is particularly critical in the way we operate: Communities, Employees and Suppliers and Partners.

In 2019 we conducted a human rights assessment on the activities of Petrogal Brazil, in which we interviewed workers and service providers about a number of topics including health and safety, child labour, discrimination and diversity, vulnerable groups and communities, among others.

Protecting people and assets

Responsibility creates safety

The safety of assets, people and the environment is a key objective for the Company. We strive to act in accordance with best safety practices, using international guidelines and



experts in this field, adopting safe behaviours that embody our ambition to achieve zero accidents.

We evaluate the effectiveness of the adopted mitigation measures and manage safety by regularly identifying potential vulnerabilities in our assets and operations in order to keep risk at acceptable levels.

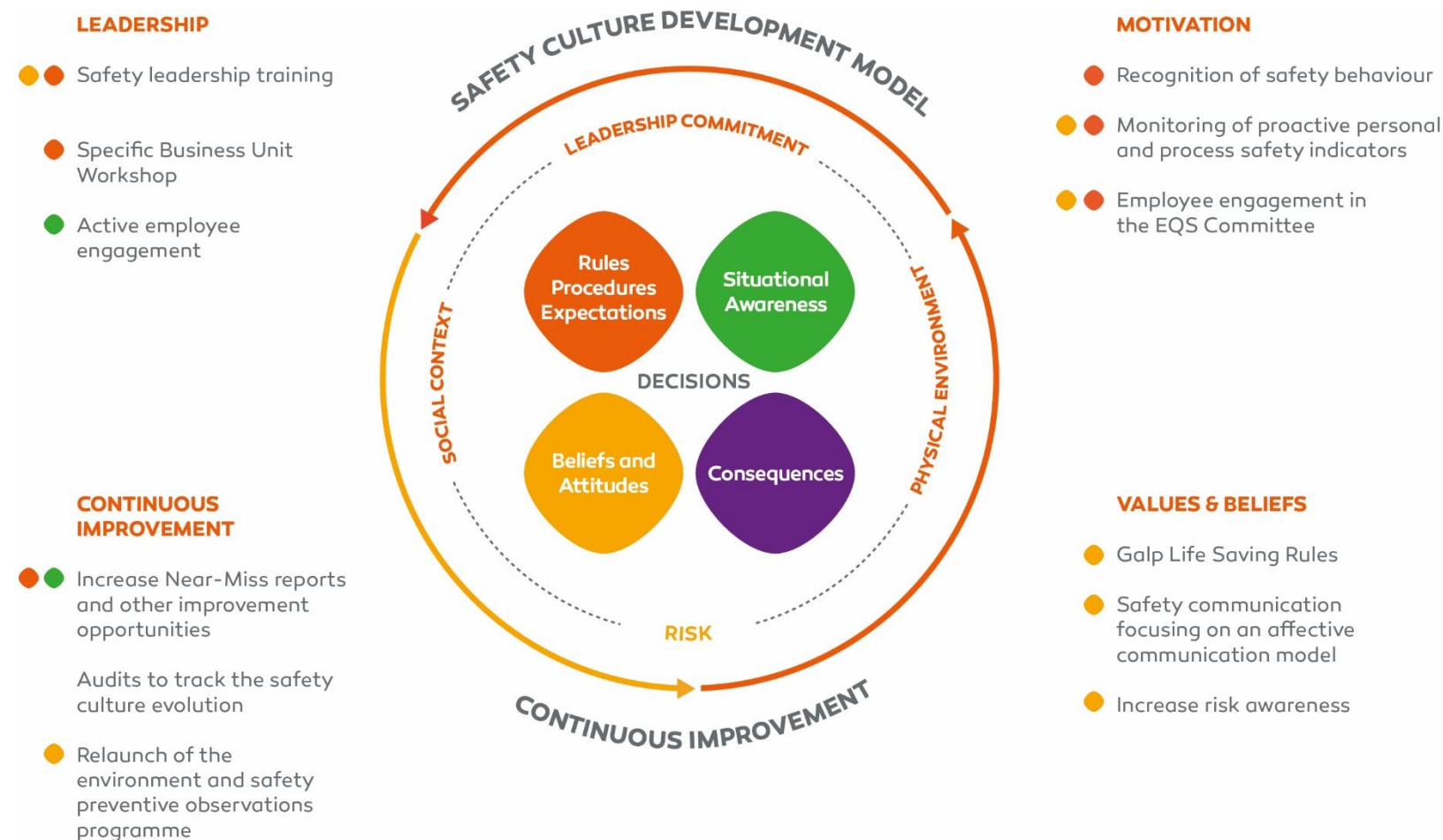
In 2019, we carried out a set of training sessions on near misses for the entire company. After a total of 2,216 hours of training 542 people from all Galp geographies are better prepared to identify and report near misses.

We promote a safety culture

We are committed to bringing the culture of safety to the level of independence, where leadership by example and internal

motivation to comply with the safety rules. To this end, we have defined a 2019-2022 strategic plan, which has a number of activities and specific initiatives to be implemented at all hierarchical levels.

The implementation of these action plans, starting in 2019, is focused on four key areas:



THE JOURNEY TO A SUSTAINABLE FUTURE
5.3. BE RESPONSIBLE

2019 was marked by the official launch of the Galp Life Saving Rules, which were based on a strong communication campaign - Galp Safe Energy - designed to put the safety of people, the environment and assets at the top of the mind of all those who have activities in our facilities.

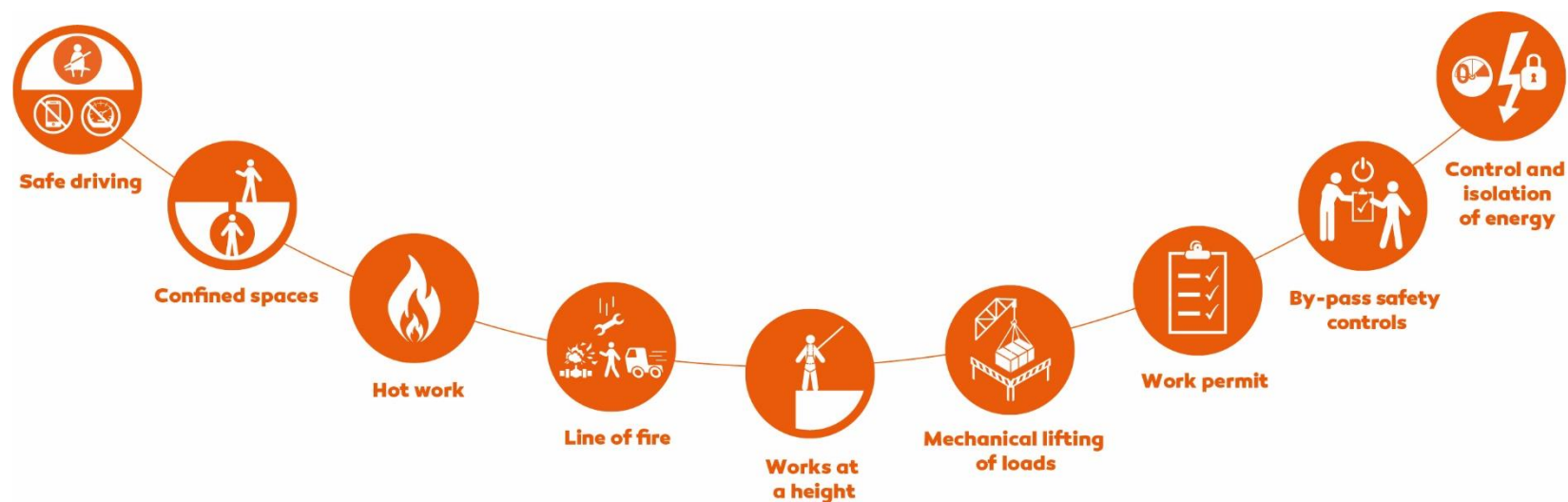
In this context, an App and an e-learning programme were launched for all employees and service providers.

Personal safety performance

	2017				2018				2019			
	Fatalities	Accidents	LTIF ¹	TRIR ²	Fatalities	Accidents	LTIF ¹	TRIR ²	Fatalities	Accidents	LTIF ¹	TRIR ²
Employees	0	13	1.1	2.3	0	19	1.6	3.0	0	19	1.5	1.9
Service providers	0	4	0.4	1.0	0	16	1.3	2.9	0	13	0.8	1.6
Employees and service providers	0	17	0.8	1.7	0	35	1.5	3.0	0	32	1.1	1.7

¹LTIF: Number of fatalities and lost workday cases per million worked hours.

²TRIR: All accidents (includes fatalities, leave of absence, and medical treatment, excludes first aid) per million worked hours.



Process safety

In 2019, we redefined the process safety management framework, basing it on the Energy Institute's framework, which includes clear objectives and requirements to be achieved in key areas such as risk assessment, operational control, change management, competence and performance monitoring. The new approach places leadership at the heart of achieving excellence by recognising its fundamental role in establishing a positive safety culture and in promoting and targeting risk management priorities.

EXCELLENCE IN RISK MANAGEMENT



**Protect
People**



**Protect the
Environment**



**Protect
Assets**



**Ensure
Efficiency**



**Safeguard
Reputation**

Process safety performance

Process safety events rate	2017	2018	2019	Goal 2020
Tier 1 ¹	0.23	0.09	0.10	0.09
Tier 2 ²	0.47	0.30	0.17	0.17

¹Tier 1 is a primary containment loss of major consequence: unplanned release of any material, including non-toxic and non-flammable materials, from a process that results in a very serious consequence.

²Tier 2 is a loss of primary containment of minor consequences: unplanned release of any material, including non-toxic and non-flammable materials, resulting in a consequence.

Galp's process safety strategy has shown a positive trend, especially in Tier 2, and we continue to work towards reducing the rate of process safety events per one million hours worked.

Security

Galp, as a global integrated energy actor, carries on activities in different geographies, subject to different geopolitical conditions and socio-economic contexts, identifying the possible threats to which it may be exposed and establishing active and passive measures to reduce this risk.

All employees travelling on business or expatriates will have access, from 2020, to a mobile application that enables access to medical assistance, security services and crisis management support - International SOS Assistance App.

Security and Human Rights

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

In 2020 we will promote training sessions on human rights and the use of force, adapted to our geographies and operations, targeting the security forces.

Together with our suppliers

Establishing fundamental principles of conduct

In any global economy, setting how we behave with business partners is based on recognised policies, codes and practices and aligned with demanding management, ethical, social, environmental and quality standards.

These partnerships are therefore governed by compliance with four fundamental principles:

- Respect for human rights and working conditions;
- Acting with transparency and integrity;
- Assuming quality as a critical success factor; and
- Protecting the environment, people and assets.

Galp only establishes or maintains relationships with suppliers who are committed to these principles throughout their value chain.

100% of our purchases include sustainability criteria in their contractual clauses.

We know our suppliers and their sustainability risk

We manage the sustainability risks of the supply chain at different stages, namely in the process of selecting, qualifying and assessing the performance of suppliers of goods or services.



3,041

Suppliers



55%

Certified critical tier 1 suppliers



364

Critical tier 1 suppliers



19

Audited tier 1 suppliers



51

Average days for payments to suppliers



76%

Local purchases

¹ Critical suppliers: Suppliers with high invoicing values (> € 250,000); non-replaceable suppliers; suppliers of goods or services whose failure to supply or to continue operating may affect the Galp Group's activities, in areas such as compliance and the safety of people, the environment and assets.

In 2019 we restructured the supplier qualification and risk assessment process by including a reference system into our Procurement Supply4Galp platform.

This new hybrid model which combines the financial and non-financial information available in the market, the one provided by our partners, the available knowledge in our systems and the introduction of risk levels into the stratification model, means greater scope in monitoring several risk areas in our supply chain, namely ESG and cybersecurity.

We aim to obtain 100% effectiveness in pre-qualification of suppliers.

Supplier audits are also a key tool for assessing our most critical suppliers with regard to their sustainability risk.

We assess the sustainability risk exposure of our suppliers

Risk level	2017	2018	2019
A+ (No risk)	140	131	145
A (Low Risk)	141	159	177
B (With risk)	57	55	65

At Galp we appreciate our suppliers having certifications that guarantee their commitment to improving their sustainability performance. In 2019, 55% of tier 1 suppliers were certified in at least one of the following international standards:

International Standards	2017	2018	2019
ISO 9001	2,938	2,791	3,127
ISO 14001	1,305	1,474	1,872
OHSAS 18001	1,261	1,330	1,971
Other certifications	581	760	956

We continuously monitor the performance of our suppliers

Our goal is to perform 35 audits to our suppliers in 2020.

Since the beginning of the supplier audit programme we have been increasing the number of audits carried out and the rate of audited suppliers. In 2019, we conducted out 49 audits, meeting the target set for this year - 40.

We ensure that corrective action plans or improvement action plans are implemented for 100% of suppliers who have had serious issues revealed in the audit.

We involve suppliers and promote the sharing of knowledge and good practices

To promote full alignment of suppliers and service providers with the Code of Ethics and Conduct, we invited all of the tier 1 suppliers, representing approximately 100% of the total turnover in 2018, to hold an e-learning course on the topic.

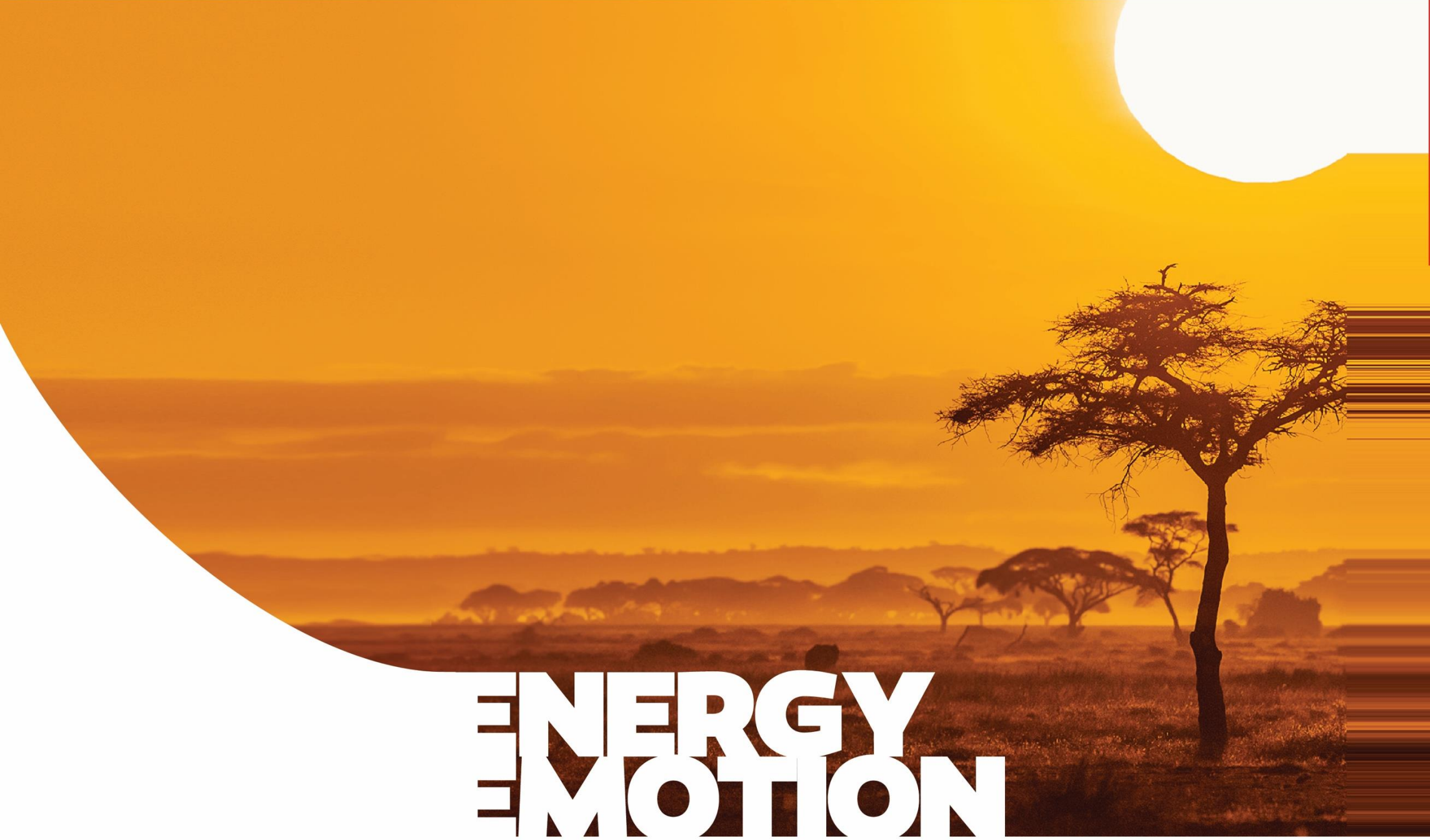
A 95% correct response rate to our e-learning on the Code of Ethics and Conduct was obtained. Among others, Human Rights and Safety stands out, with 99%.

As part of our *Safety, Health and Environment Policy*, in 2019 we developed a set of training actions and knowledge sharing sessions in this area, involving over 360 partners.

We are subscribers to the BCSD Portugal Charter of Principles which establishes core sustainability principles, which we have committed to adopting for our Company. We have also invited all our suppliers to do so.

Assessment of supplier's satisfaction

In 2019, we launched a satisfaction survey to our suppliers in order to assess the quality of services of Galp's collaborative purchasing platform, Supply4Galp. The results obtained indicate a level of satisfaction above 80%.

A savanna landscape at sunset. A large, dark silhouette of an acacia tree stands in the foreground on the right. The background shows a vast, flat landscape with other smaller trees and a bright, glowing sun in the sky, creating a warm, orange-hued atmosphere. The sun is partially obscured by a white, curved shape in the top right corner.

**ENERGY
EMOTION**



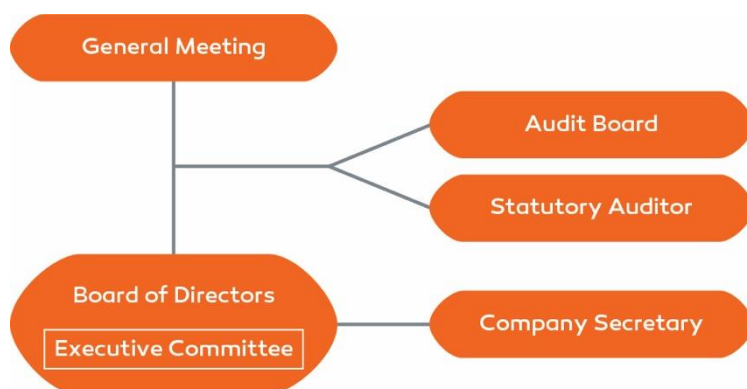
**ENERGY
IN MOTION**

06

CORPORATE GOVERNANCE

It is our rigorous vision and a large diverse team that allow our business model to offer an adequate and fair remuneration policy.

6.1. GOVERNANCE MODEL



The classical one-tier corporate governance model adopted by Galp consists of:

- the Annual General Meeting of the company's shareholders;
- a Board of Directors and an Executive Committee with delegated powers;
- an Audit Board and a Statutory Auditor; and
- a Company Secretary, who provides specialist support for the company bodies.

This governance model is aimed at transparent and effective functioning of the Galp Group based on a separation of management and supervisory powers. While the duties of the Board of Directors are to define, control and monitor strategic guidelines, the duties of the Executive Committee – delegated by the Board of Directors – are operational and consist of the day-to-day management of the business and the corporate centre.

The Board of Directors' supervisory powers are enhanced by the existence of a Lead Independent Director and three specialist committees comprising only non-executive directors. These committees provide support on key matters for its supervisory role.



CORPORATE GOVERNANCE

6.1. GOVERNANCE MODEL

The Company also has other specialist committees:



For more information about the committees, see Section 27 and 29 of Part II of this report – Corporate Governance Report Galp voluntarily decided to adopt the Corporate Governance Code of the Portuguese Institute of Corporate Governance approved in 2018 (“PICG Corporate Governance Code”), which is available on the Institute’s website at <https://www.cgov.pt.IPCG>. This Code comprises a set of good governance principles and recommendations in line with international best practices, adapted for Portuguese companies. Galp has adopted 49 out of 51 of the recommendations applicable to it and Part II of this report contains an explanatory description in accordance with the “comply or explain” rule.

For more information about the governance model, see Part II of this report – Corporate Governance Report.

	Risk Management Committee	Sustainability Committee	Audit Committee
Powers	Overseeing Galp’s risk management system	Overseeing the incorporation of sustainability principles into the management process	Overseeing the supervision of the internal auditing system
	Ethics and Conduct Committee	Remuneration Committee	
Powers	Monitoring the implementation of the Code of Ethics and Conduct; clarifying matters related to its application and receiving and processing reports about irregularities through the Opentalk ethics helpline	Establishing the remuneration of the members of the company bodies; preparing and submitting the annual statement on the remuneration policy for company bodies; annual appraisal of the performance of executive directors.	

6.2. COMPANY BODIES

The current members of the company bodies were elected at the Annual General Meeting of 12 April 2019 for the 2019-2022 term of office.

Board of Directors

 Chairman Paula Amorim Chairman of the Audit Committee Date of first appointment: 24 April 2012	 Vice-Chairman and Lead Independent Director Miguel Athayde Marques Chairman of the Sustainability Committee and member of the Risk Management Committee Date of first appointment: 23 November 2012	 Vice-Chairman and Chairman of the Executive Committee (CEO) Carlos Gomes da Silva Date of first appointment: 26 April 2007	 Director (CFO) Filipe Crisóstomo Silva Date of first appointment: 26 July 2012
 Director (COO) Thore E. Kristiansen Date of first appointment: 3 October 2014	 Director (COO) Carlos Costa Pina Date of first appointment: 24 April 2012	 Director (COO) José Carlos Silva Date of first appointment: 23 November 2012	 Director (COO) Sofia Tenreiro Date of first appointment: 12 April 2019
 Director (COO) Susana Quintana-Plaza Date of first appointment: 12 April 2019	 Director Marta Amorim Date of first appointment: 14 October 2016	 Director Francisco Teixeira Rêgo Date of first appointment: 16 April 2015	 Director Carlos Pinto Date of first appointment: 12 April 2019
 Director Luís Todo Bom Chairman of the Risk Management Committee Member of the Audit Committee Date of first appointment: 23 November 2012	 Director Diogo Mendonça Tavares Member of the Sustainability Committee Date of first appointment: 22 February 2006	 Director Rui Paulo Gonçalves Member of the Risk Management Committee Date of first appointment: 6 March 2008	
 Director Edmar de Almeida Date of first appointment: 12 April 2019	 Director Jorge Seabra de Freitas Member of the Audit Committee Date of first appointment: 23 November 2012	 Director Cristina Neves Fonseca Member of the Sustainability Committee Date of first appointment: 12 April 2019	 Director Adolfo Mesquita Nunes Chairman of the Ethics and Conduct Committee Date of first appointment: 12 April 2019

Executive Member

Independent Member¹

Other Non-Executive Members

¹According 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.

There are 12 non-executive members on the Board of Directors, representing 63% of the total number of directors, and five of these (42%) are independent. This is an appropriate number of independent non-executive directors given the governance model adopted by the Company, Galp's shareholding structure, its free float, the size of the Company and the complexity of the risks involved in its business activity, in accordance with the recommendations of the PICG Corporate Governance Code.

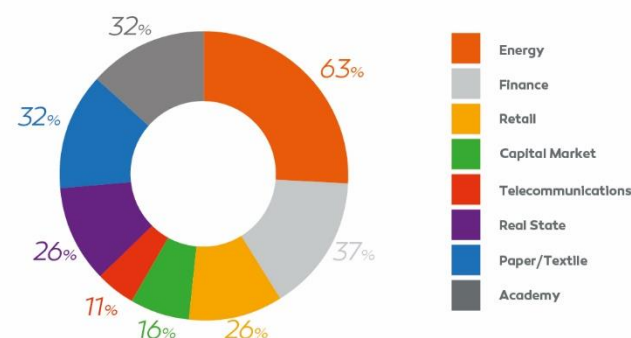
Diversity of the Board of Directors:

- Age range: 32-74;
- Gender: 26.3% female directors (above the statutory minimum of 20%);
- Geographical origins: 5 countries; and
- Independence: 42% of the non-executive directors

The *Management and Supervisory Bodies Diversity Policy* approved by the Board of Directors on 15 December 2019 and , had an impact on the appointments made at the 2019 Annual General Meeting, where the persons elected to the Board of Directors, apart from the diversity in ages, genders and geographical origins, have an assortment of skills, academic backgrounds and professional experience, as shown in the figure below. These are appropriate for the business activities pursued by Galp and for its business strategy and provide effective diversity on the Board of Directors, which has a major role in the Company's decision-making process.

For more information about the skills of the Board members, see Section 19 of Part II of this report – Corporate Governance Report.

Boards of Directors' Skills



Powers of the Board of Directors:

- Defining, supervising, controlling and overseeing strategic guidelines;
- Overseeing management and relations with the shareholders and other bodies;
- Matters of sole competence, which cannot be delegated to the Executive Committee, and which enable it to foster the establishment and oversight of Galp's strategic guidelines.

Election

Under Portuguese law, the members of the Board of Directors are elected from lists by the shareholders at a General Meeting for a four-year term. Votes are cast for the entire list and not for each person on the list. Galp's By-laws ensure that minority shareholders with a minimum voting right percentage, individually or jointly with others, can propose the election of one director.

Nevertheless, each director's position is conditional on an annual performance appraisal through a vote of praise and/or confidence at the Annual General Meeting. A negative

appraisal through a no-confidence vote may lead to the removal of the director in question, in accordance with the law.

Limits on directorships

All members of the Board of Directors must be available for the performance of their duties and, therefore, the Board of Directors' Regulations provide that non-executive directors may not hold a seat on the board of more than four listed companies which are not part of the Galp Group.

Performance appraisal

Every year, the Board of Directors conducts an appraisal of its own performance and that of its committees, taking into account adherence to the Company's strategic plan and budget, risk management, its own internal functioning and each member's contribution to these objectives, as well as the Board of Directors' relations with the other bodies and committees of the Company.

Meetings held in 2019: 9 (attendance: 99%)

Executive Committee



CEO
Carlos Gomes da Silva

- Marketing and Communication
- Strategy and Investor Relations
- Legal and Governance



CFO
Filipe Crisóstomo Silva

- Corporate Planning and Control
- Corporate Finance and M&A
- Accounting and Taxation
- Information Systems and Digital



COO
José Carlos Silva

- Refining & Midstream
- Procurement and Contracts
- Engineering and Management
- Asset Management



COO
Thore E. Kristiansen

- Upstream



COO
Carlos Costa Pina

- Infrastructure
- Risk Management
- Safety and Sustainability



COO
Sofia Tenreiro

- Commercial



COO
Susana Quintana-Plaza

- Renewables & New Businesses
- Innovation

Powers of the Executive Committee

Day-to-day management of the business and the corporate centre, in accordance with the delegation of powers and the strategic guidelines defined by the Board of Directors, in the terms defined by the functional assignment among the members of the Executive Committee regarding the business and activities of the Company established by the Chairman of the Executive Committee.

Performance appraisal

The executive directors are appraised annually by the Remuneration Committee based on the achievement of certain economic, financial, operational, safety and environmental sustainability goals, established annually in the remuneration policy proposed by the Remuneration Committee and submitted for the approval of the General Meeting.

Limits on directorships

Under the internal regulations of the Board of Directors, Executive Committee members may not hold executive positions in listed companies which are not part of the Galp Group.

Meetings held in 2019: 43 (attendance: 99%)

Audit Board

Chairman: José Pereira Alves

Members: Fátima Geada and Pedro Almeida

Powers:

- Controlling the Company's financial information;
- Supervising the internal risk management, internal control and internal auditing systems;

- Receiving and processing irregularities reported through the Ethics and Conduct Committee;
- Selecting the Statutory Auditor and proposing its remuneration to the General Meeting;
- Verifying and monitoring the independence of the External Auditor;
- Overseeing, assessing and considering, within the powers conferred on the Audit Board, the strategic lines and risk policy established by the Board of Directors.

Statutory Auditor

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

Alternate: Manuel Mota

Powers: controlling and reviewing the Company's financial information

Board of the General Meeting

Chairman: Ana Perestrelo de Oliveira

Vice-Chairman: Rafael Lucas Pires

Secretary: Sofia Leite Borges

The General Meeting is the highest corporate governance body and through it the shareholders actively participate in the decisions of the Company. Any shareholder who holds at least one share on the registration date and declares an intention to do so, subject to proof of ownership within the statutory time limits, may attend, discuss and vote at the General Meeting in person or through a proxy. Galp shareholders may also exercise their voting right by correspondence and take part in the meeting using electronic means.

6.3. REMUNERATION POLICY

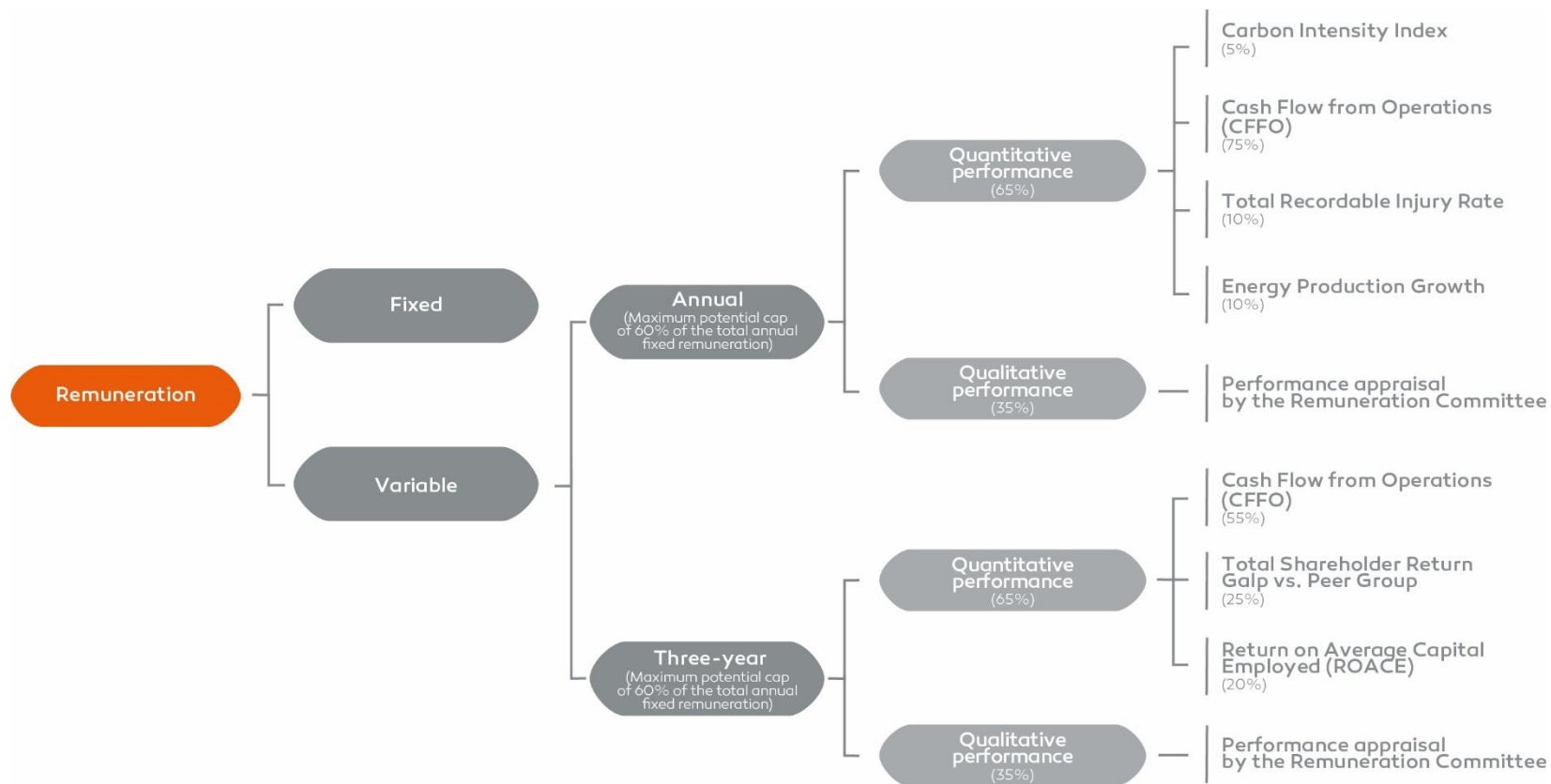
In accordance with the say-on-pay principle, the General Meeting of 12 April 2019, which is responsible for approving the remuneration of company bodies (Article 8 of the By-laws), approved with 96.95% of the votes the annual statement on the 2019 remuneration policy for its company bodies prepared and submitted by the Remuneration Committee, pursuant to Article 2 of Law 28/2009, of 19 June, as amended.

In order to promote an alignment between management and the medium- and long-term interests of the Company and its shareholders, the remuneration policy sets annual and multi-annual goals for its executive directors, calculating the amount of the multi-annual variable remuneration component over a period of three years and deferring payment of a significant portion of this amount, which is associated with and conditional on the Company's performance over that period, for a period of three years.

The 2019 remuneration policy for executive directors builds on the previous year's policy in four key matters:

1. CFFO – the economic criterion for making investments and remunerating shareholders – was included as an indexer for appraising management performance and determining the annual variable remuneration;
2. CFFO and Return on Average Capital Employed (ROACE) were introduced as indexers for determining the three-year variable remuneration, while Total Shareholder Return – as a factor which reflects the growth of stock market capitalisation – was maintained;
3. The management performance appraisal factors for the safety and environmental sustainability of the Company's main activities were strengthened, as part of an appropriate carbon intensity management, by specifying explicit indexers related with scope 1, 2 and 3 GHG emissions resulting from energy production, transformation and commercialization, based on The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard;
4. A partial payment arrangement through company shares for the three-year variable remuneration was introduced, with a view to strengthening the corporate governance elements which promote alignment between management and the long-term interests of the shareholders.

Remuneration structure of the executive members of the Board of Directors



The remuneration of Galp's directors includes all remuneration for positions on the company bodies of other Group companies.

The 2019 Remuneration Policy provides for the possibility of the variable remuneration allocated to an Executive Committee member to be refunded in certain situations (*claw-back*).

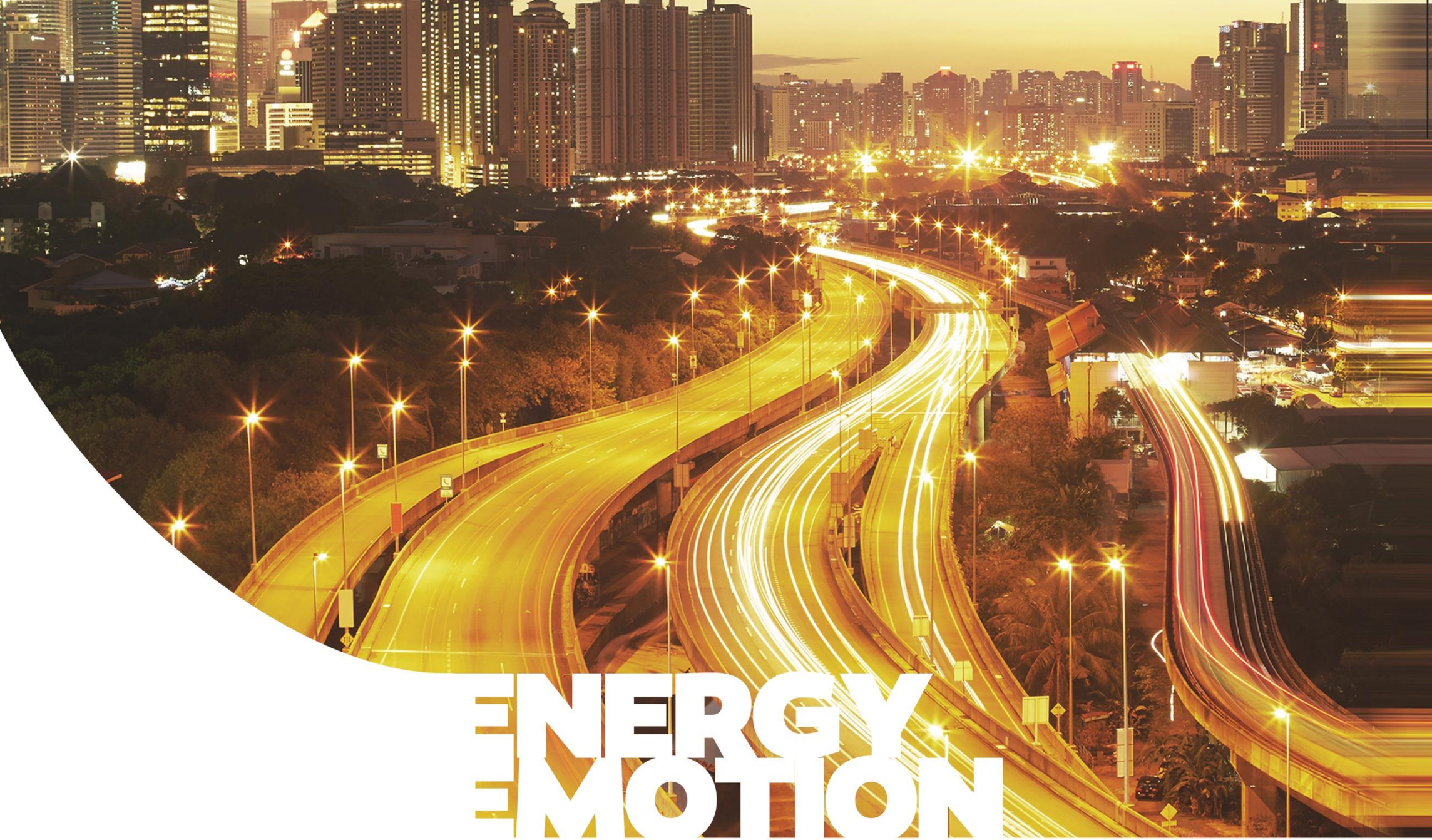
The annual total and individual remuneration amounts received by the members of the Board of Directors in 2019, as established by the Remuneration Committee, together with other information about the Remuneration Policy, are shown in Section 77 of Part II of this report – Corporate Governance Report.

The non-executive members of the Board of Directors receive a fixed monthly amount established by the Remuneration Committee, taking current market practices into account,

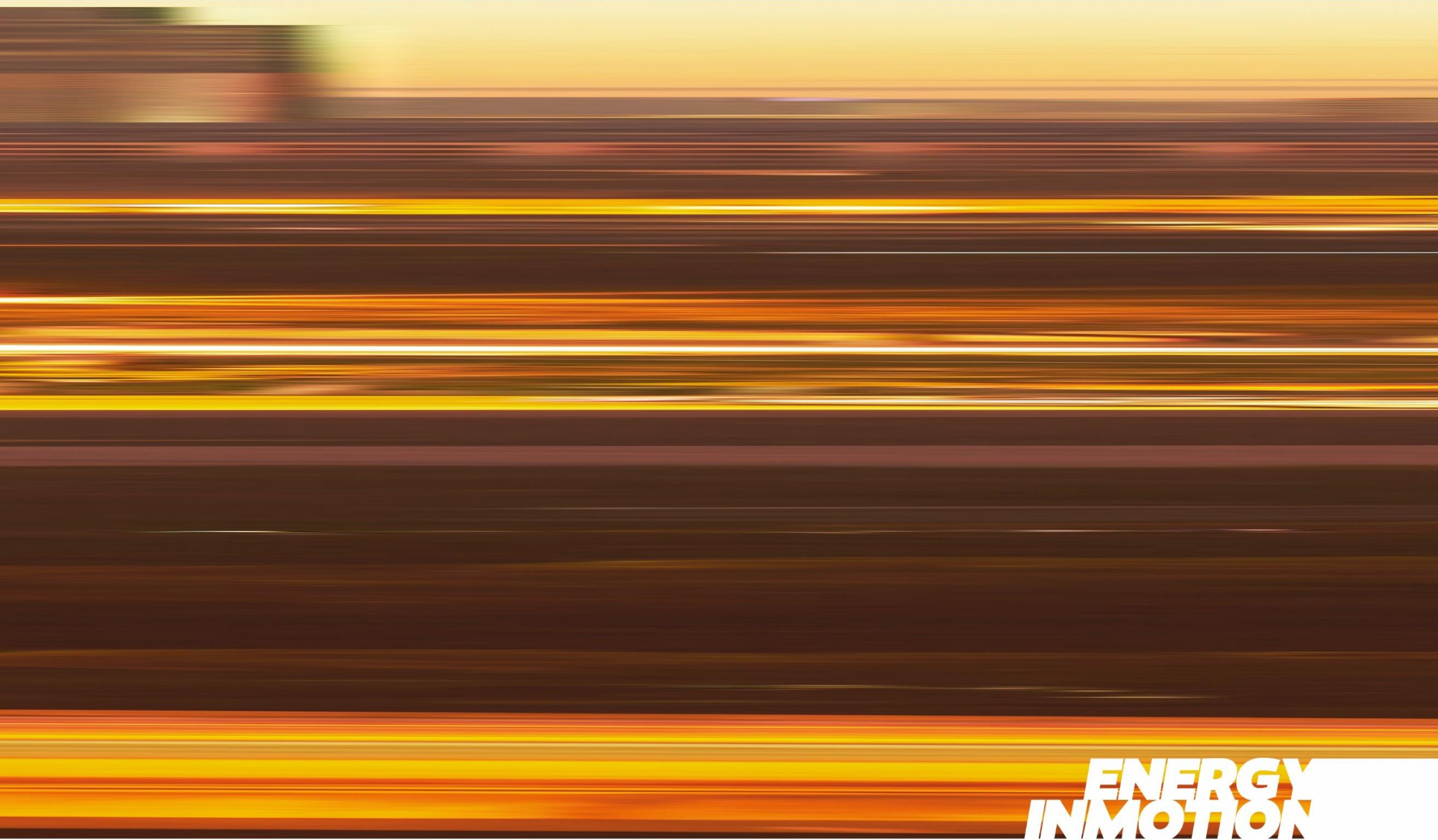
which may vary in the case of non-executive members who have special supervisory and oversight duties or are members of a specialist committee. The Chairman of the Board of Directors waived this remuneration and donated it to the Galp Foundation.

The members of the Audit Board receive – twelve fixed monthly amounts. The remuneration of the Chairman of the Audit Board is different because of the special duties performed. The remuneration of the Audit Board members does not include any variable component.

The Statutory Auditor has the remuneration established by contract in line with normal market conditions.



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07

PROPOSAL OF ALLOCATION OF RESULTS

The world is changing and Galp is changing with it, renewing every day. With energy getting cleaner and looking into the future, Galp aims to run a business model which reflects an evolving and prosperous world.

Galp Energia, SGPS, S.A., on an individual basis, closed the year of 2019 with a net profit of €536,914,812.63, calculated in accordance with the International Financial Reporting Standards (IFRS).

The Board of Directors proposes, under legal terms, that the net income for 2019 of €536,914,812.63 should be distributed to shareholders. The Board of Directors also proposes, under article 31 of Commercial Companies Code, the distribution of the amount of €43,560,631.87 derived from retained earnings.

The amount to be paid to shareholders related to the financial year of 2019, will be €318,224,931.18, corresponding to €0.38375/share that added to the €262,250,513.32, corresponding to €0.31625/share, paid as an advance dividend on the profits on September 2019, it totals an amount to distribute to shareholders of €580,475,444.50, corresponding to €0.70/share.

It is further proposed that a maximum amount of €28,625,738.87 be distributed to Galp Group's employees and executive directors of Galp Energia, SGPS, S.A. as profit sharing, an amount already recognised and expressed in the consolidated financial statements of Galp Energia, SGPS, S.A. and in the individual of each of its subsidiaries, and the respective net results for 2018 have been calculated already considering that amount. Of this amount, €3,584,135.74 were already paid in 2019 as an advance on profit sharing for 2019.

The breakdown of this amount among the companies of Galp's Group for distribution to its employees will be determined by the Executive Committee of Galp Energia, SGPS, S.A., in accordance with the applicable internal rules, and among the executive directors of Galp Energia, SGPS, S.A. will be determined by the Remuneration Committee, in accordance with the applicable law.

Lisbon, 20 March 2020

The Board of Directors

Chairman

Paula Amorim

Vice- Chairmen:

Miguel Athayde Marques
Carlos Gomes da Silva

Members

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

CAUTIONARY STATEMENT

Cautionary statement

This report serves as the Annual Integrated Management Report and Accounts in accordance with Portuguese and EU legislation requirements as filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019, for Galp Energia, SGPS, S.A. (the “Company”) and its subsidiaries (collectively referred as “Galp”). This report presents the Management Report, the Corporate Governance Report, the Consolidated Financial Statements of Galp and the Individual Financial Statements of the Company. This report contains certain forward-looking statements. Forward-looking statements are statements other than in respect of historical facts and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. The words “aim”, “ambition”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “goals”, “intends”, “may”, “objectives”, “outlook”, “plan”, “probably”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and expressions usually identify these forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of Galp’s markets; the impact of regulatory initiatives; and the strength of Galp’s competitors.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although Galp believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors, which are difficult or impossible to predict and are beyond its control. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include, without limitation, the Company’s business strategy; industry developments; price fluctuations in crude oil, natural gas and power; changes in demand for Galp’s products and services; currency fluctuations; economic and financial market conditions; legislative, fiscal and regulatory developments, including regulatory measures addressing climate change; political risks; changes in trading conditions and uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others.

Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements. Also see “Risk factors” in this report for additional risks and further discussion. No assurance is provided that future dividend payment will correspond or exceed previous dividend distributions. All forward-looking statements contained in this report are expressly qualified in their entirety by the cautionary statements contained or referred in this section. Readers should not place undue reliance on forward-looking statements.

The information, opinions and forward-looking statements contained in this report speak only as at the date of this report and are subject to change without notice. Galp and its respective representatives, agents, employees or advisers do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this report to reflect any change in events, conditions or circumstances.

ENERGY IN MOTION

PART I
INTEGRATED MANAGEMENT REPORT 2019

