

energy creates energy



**Company Standard - Organisational**

**NT-O-018**

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# **RISK MANAGEMENT COMMITTEE**

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Approved at the meeting of the Executive Committee on 2018-05-18

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## 1. Object and Scope of application

The Organizational Standard establishes the organization, responsibilities and the functioning of Galp's Risk Management Committee.

## 2. Mission

The mission of the Risk Management Committee is to ensure that the main risks that Galp faces are identified and continually managed, guaranteeing the protection of the company assets and the value for its stakeholders.

## 3. Composition of the Risk Management Committee

The Risk Management Committee has the following composition:

- Executive Director responsible for the Risk Management Department (Chief Risk Officer), who chairs;
- Executive Director responsible for the financial area (Chief Financial Officer);
- Head of the Risk Management Department, who performs secretarial functions;
- Head of the Internal Audit Department; Head of the Legal Affairs and Governance Department;
- Head of the Environment, Quality, Safety and Sustainability Department;
- Head of the Strategy and Investor Relations Department;
- Head of the Information Systems Department;

Depending on the agenda items under discussion, other participants, internal or external to Galp, may be invited to the Risk Management Committee meetings.

In the event of a justifiable impediment, the members may appoint one or more representatives to replace them at a specific meeting, by notifying the Chairperson of the Risk Management Committee.

## 4. Responsibilities of the Risk Management Committee

The following responsibilities are assigned to the Risk Management Committee:

- Monitor compliance with Galp's Risk Management Policy by the Business Units and Corporate Center.

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- Approve every year and review, whenever necessary, Galp's main risks matrix and inform the Executive Committee and the Board of Directors.
- Assess the tolerance levels submitted by the Business Units regarding their main risks.
- Recommend the review of Galp's key policies and procedures that have relevant impact on the risk tolerance levels and monitor compliance with those limits.
- Monitor Galp's main risks its level of effective exposure and its potential evolution.
- Monitor mitigation plans effectiveness of Galp's main risks and propose actions to surpass identified constrains.
- Warn and recommend corrective actions to the adequate Board Member/ Business Unit whenever risk appetite is potentially exceeded.
- Assess every year and review, whenever necessary, the Disaster Recovery Plan of Galp and deliberate on actions that are deemed necessary to guarantee Business Continuity.
- Promote the dissemination of a corporate risk culture at Galp.
- Regularly inform the Executive Committee, the Board of Directors and the Supervisory Board of Galp on the activity of the Committee and the most relevant decisions it has adopted, proposing and recommending measures and procedures to improve the efficacy of risk management at Galp.

The Risk Management Committee can obtain independent and external professional advice whenever deemed necessary to fulfil its duties.

### 5. Functioning of the Risk Management Committee

The Committee must meet four times a year to perform its duties, on dates defined at the beginning of each year, or, extraordinarily, by request of the Chairperson or of at least two members that compose the committee.

The meeting shall be convened eight days in advance, and shall include the agenda and the date, time and place of the meeting and supporting documentation.

The Committee shall address matters on the agenda at the initiative of its chairperson or upon proposal of any of its members.

There must be a quorum of at least 50% of members present, or their representatives, for the Committee meeting to be held.

The Committee resolutions shall be adopted by consensus of all Committee members. If no consensus can be reached, resolutions are deemed to have been adopted by a majority of 3/4 of its members.

## 6. Duties of the Chairman of the Risk Management Committee

The chairman of the Risk Management Committee is responsible for:

- Calling and chairing the Committee meetings;
- Transmitting to the Committee the guidelines issued by the Board of Directors and the Executive Committee;
- Reporting to the Executive Committee, the Board of Directors and the Supervisory Board of Galp on the activity of the Committee and its most relevant decisions.

## 7. Duties of the Secretary of the Risk Management Committee

The Secretary of the Risk Management Committee is responsible for:

- Advising the Committee Chairperson ;
- Preparing the necessary documentation for the functioning of the Committee meetings and preparing the respective minutes to be sent to all the members of the Committee for approval and signing;
- Promoting, throughout the Company, the decisions issued by the Committee;
- Update on the degree of achievement of the actions approved by the Committee;
- Inform the Executive Committee, the Board of Directors and the Supervisory Board of Galp of the minutes of the meetings.

## 8. Risk Management Subcommittees

As a result of the emergence and/or change of specific risk factors, the Committee may create or extinguish Subcommittees, so as to guarantee the fulfilment of their duties.

The duties of these Risk Management Subcommittees shall be those defined by the Committee within its duties.

The Risk Management Subcommittees shall be composed of and have the duration defined by the Committee in accordance with its nature and objective.

## 9. Final and transitional provisions

This Standard revokes NO-001/2013, of 22 March, Risk Management Committee and takes effect as of the date of publication.

## Appendix – Risk Management Model

