

DELIVERING

ENERGY

The word 'ENERGY' is rendered in large, bold, white letters. Each letter is filled with a different image: 'E' and 'N' show solar panels; 'E' and 'R' show a girl smiling with pink flowers; 'G' shows a house; 'Y' shows a house and trees.

FOR LIFE

PART II
Sustainability Journey



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Part II – Sustainability Journey

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Otelo Ruivo

Chief Sustainability Officer



We are advancing on our decarbonisation journey, integrating cleaner energy sources, and investing in the development of large-scale projects that will continue to reduce our carbon footprint and provide low or zero-carbon solutions to our customers.

Sustainability is an intrinsic part of our organisational culture, a guiding principle of the actions and decisions we make, reinforcing long-term value creation in alignment with what is expected from Galp.

In this section, we address the five main pillars of our sustainability strategy. I invite you to explore these contents and learn more about our journey and the results achieved for our ambitions.

Galp's sustainability strategy is to continue to provide energy solutions that meet communities' needs while adding value for all stakeholders. We are committed to developing systems that offer affordable and reliable energy in an economically and environmentally sustainable manner.

This commitment is at the heart of our sustainability journey and will remain so for the future. We have a clear plan in place to progressively decarbonise our portfolio, actively participating in the ongoing energy transition.

In 2023, we continued this trajectory and worked to continuously articulate sustainability in our strategic thinking and investment decisions as well as in the way we engage and learn from the outside world.

The foundations of our Sustainability Roadmap direct our focus towards long-term priorities, ensuring objective and disciplined execution of environmental, social, and governance initiatives across all Business Units and Corporate Centre teams.

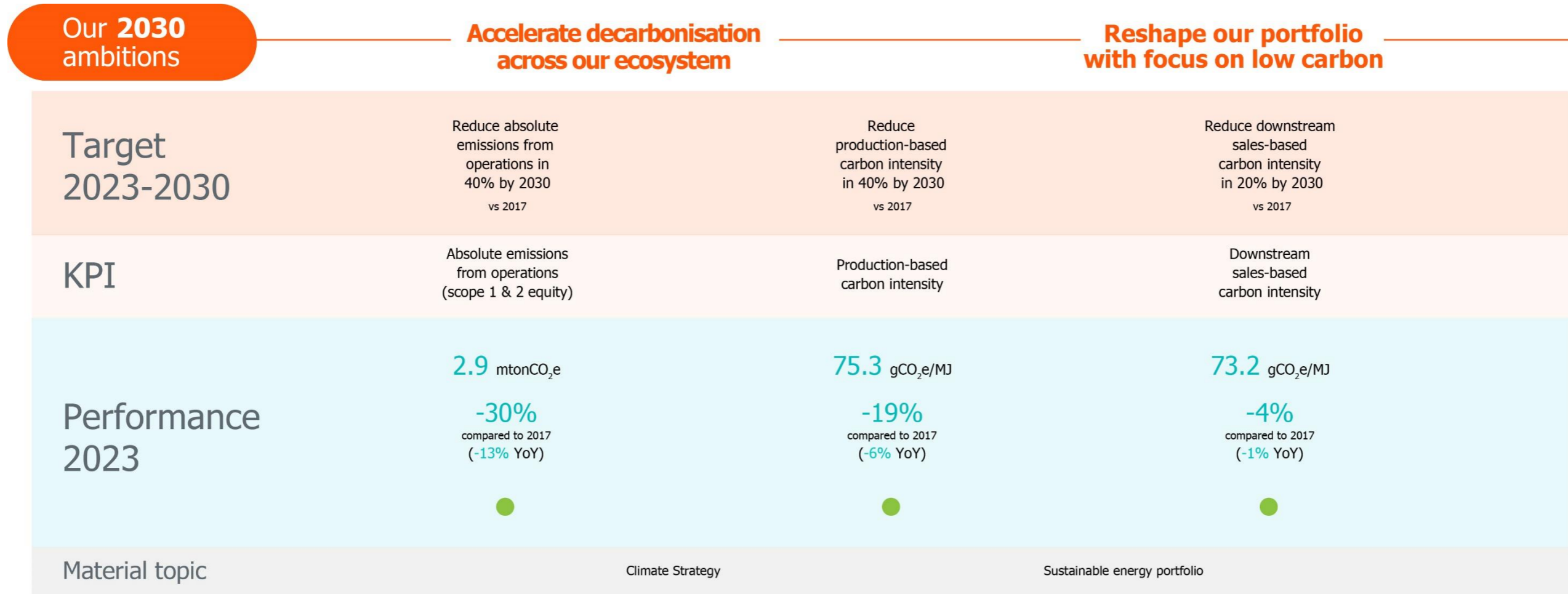
Sustainability Roadmap foundations

In 2022, Galp defined its key Sustainability Roadmap foundations, which guide the Company in terms of principles and actions.

This 'Part II – Sustainability Journey' is structured around these pillars and its ambitions are detailed throughout the document.



1. Our decarbonisation journey



Our alignment with the SDGs

7
AFFORDABLE AND CLEAN ENERGY

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

11
SUSTAINABLE CITIES AND COMMUNITIES

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

13
CLIMATE ACTION

● 2023 performance according to plan ● 2023 performance below expected



Accelerate decarbonisation across our ecosystem

Galp is an integrated energy company with the objective of mitigating its climate related impacts and aligning its performance with the goals of the European Union and the Paris Agreement. To achieve this, Galp is increasing the production and sales of renewable energy, improving energy efficiency, and integrating more renewable energy into its operations.

Ensuring effective governance of climate-related issues in organisations is paramount in order to guarantee that critical risks are identified and mitigated and that all relevant opportunities that may arise are identified and evaluated. This involves implementing policies, practices, and projects to reduce greenhouse gas emissions and collaborating with stakeholders to promote similar practices. This will ultimately lead to the transformation of activities and portfolio, increasing the amount of low carbon energy produced and sold.

Clear and effective oversight and management of climate strategy

Failing promptly to address climate-related risks and opportunities can compromise a company's capacity to sustain long-term value creation, attract investments, retain top talent, safeguard its reputation, and even maintain its licence to operate.

Galp recognises that responsible leadership is vital to oversee and address climate and energy transition related risks and opportunities – over the short, medium and long term – and has integrated these into the Company's strategic formulation process and investment planning. These responsibilities, overseen by the Board of

Directors and the Executive Committee, are managed at board level by the Sustainability Committee, supported by the Risk Management Committee. The CFO supervises the Sustainability and Risk Management teams.

Both committees play a key role in helping the Board of Directors integrate sustainability principles into its decision-making process and ensuring that the Company continuously identifies and manages the main risks and opportunities it faces.

Governance and Climate

The Executive Committee and Sustainability Committee receive regular updates on carbon metrics performance, the progress on decarbonisation roadmap, and any significant climate-related risks and opportunities. The Board of Directors regularly reviews, evaluates, and approves Galp's risk appetite, annual budget, and its short- and long-term incentives. It oversees the Company's consolidated performance as reported in the annual Integrated Report and analyses the business plan to ensure it is appropriate for implementing the Company's energy transition strategy.

Galp's Chief Sustainability Officer (CSO) serves as the Director of Sustainability and Investor Relations. The CSO is responsible for the corporate management of sustainability risks and for establishing and proposing assessment and monitoring methodologies. These are implemented in coordination with all relevant corporate and business units, including the Corporate Risk Management team, thereby ensuring that an action plan is established to minimise and mitigate these risks.

Integrating carbon pricing in investment approval

Galp believes that internalising the costs of GHG emissions, such as through an internal carbon price, is a powerful tool to evaluate climate-related sustainability and incentivise investments in lower-carbon solutions. Galp incorporates a global carbon price into the evaluation of new projects and modifications to existing ones. This allows the Company to ensure its investments are resilient, even in geographies without emissions trading schemes in place.

The carbon prices considered are consistent with external long-term energy transition scenarios (c. €90/tonne of CO₂ by 2025, c. €110/tonne of CO₂ by 2030, and c. €190/tonne of CO₂ by 2050) and integrate current legislation while simultaneously trying to anticipate future regulatory trends.

Additionally, when Galp evaluates new project developments, expansions or upgrades of existing assets, it also assesses the impact of the related CO₂ emissions in its decarbonisation metrics. This approach ensures that low carbon intensity projects are prioritised, helping the Company achieving its decarbonisation ambitions.

Physical and transition climate risks and opportunities assessment

Galp has been improving the identification and quantification of its climate related risks and opportunities, including physical (acute and chronic) and transition risks, aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and preparing the requirements for disclosure of the EU's Corporate Sustainability Reporting Directive and EU Taxonomy for sustainable activities.

This assessment aims to gauge the resilience of the Company's strategy to different climate scenarios and incorporate the most relevant associated risks in the risk management framework. The evolution of the main climate-related risks identified will be monitored in the future and the appropriate mitigation and adaptation measures defined and implemented.

The most recent review of the physical risks concluded that the organisation has a relatively low exposure to chronic physical risks. The most significant physical acute risks identified are extreme wind and rain events.

Although initial assessments have been made, the Company is implementing processes and tools that will allow us to improve physical and transition climate-related risk assessments. This will provide additional support for internal investments and other management decisions as well as prepare future disclosure.

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

Reduce and mitigate our GHG emissions

As part of its progress towards a low carbon future, the Company is focused on progressively reducing emissions from its operations and decarbonising its portfolio.

2030 targets

Galp has in place an ambitious but pragmatic energy transition strategy. The carbon intensity performance of Galp's current portfolio is already one of the lowest in the sector. Our upstream portfolio has a carbon intensity close to 50% lower than the industry average, according to International Association of Oil&Gas Producers (IOGP). Adding to this, the integration of renewables at Galp is currently over four times

superior to the average of the peers, in relative terms based on hydrocarbons production.

With a pragmatic and realistic approach to the energy sector and a significant emission reduction plan already underway, Galp has the ambition to reduce its absolute operating emissions by 40% until 2030¹.

This target is based on the development of already identified projects and reflects the Company's current focus on reducing its carbon footprint, demonstrated through recent investment decisions on key projects like the first 100 MW electrolyzers for green hydrogen production. Additionally, substantial investments in operational energy efficiency, electrification, and a robust commitment to renewable electricity generation will ensure the right direction towards further reducing our emissions and decarbonise our portfolio throughout the decade.

In addition, Galp defined two carbon intensity reduction targets which reflect its progress towards a lower carbon future, of the energy that we produce and of the energy that we sell to our customers, also with reference to 2017.

For more information on the carbon intensity metrics, please refer to our [website](#).

¹ This target considers 2017 as a baseline, as it marks the start of the diversification of our portfolio and commitment to the development of a transition strategy.

Carbon intensity methodologies and benchmarking

Galp acknowledges that communicating on carbon metrics and methodologies raises confidence and trust from stakeholders. Towards this goal, Galp believes there is a clear need to develop a common approach for the O&G sector.

Galp's carbon intensity use independent metrics that also include the exposure to indirect value chain emissions (scope 3). These are emissions over which Galp has limited direct control and are complex to manage. Furthermore, the current methodologies for measurement of these emissions consider diverse approaches for intensities' assessment and makes benchmarking extremely difficult, aspects which should be carefully considered when reflecting on our way forward or supporting effective portfolio decision-making processes.

Considering our portfolio options and the opportunities and challenges resulting from the energy market's dynamics across the wide and diverse activities included in our value chains, Galp may review the applicability of medium-term carbon intensity targets, which extend beyond our direct operations.

Nonetheless, the trajectory remains clear, as the integration of low carbon energies and the increased renewable power generation will be fundamental to preparing Galp to address future options and continue to decarbonise its portfolio and the energy it supplies, maintaining an alignment with society and EU targets.

2050 net zero ambition in line with society

The current short and mid-term ambitions are the first and critical steps towards the ambition to be net zero by 2050, in line with society demand evolution. As the energy transition accelerates and society moves towards a lower carbon future, Galp will adapt its businesses accordingly and our investments and portfolio will mirror this progress. However, for longer time horizons, the level of uncertainty of the relevant variables is so high that it is not feasible to make realistic projections in terms of specific projects and related investments. This is especially pertinent given that it may not be technically and/or economically feasible at present to develop some of the low carbon solutions and technologies that will become available in the future.

Our energy mix will continue to change over time and Galp will remain committed to supplying affordable, reliable and sustainable energy to its customers.

Methane

The Company's methane emissions have a relatively low weight in its operational emissions (<1% of total scope 1 and 2 emissions in 2023) and are mostly associated with non-routine flaring in non-operated upstream assets.

Notwithstanding this, Galp aims to reduce methane emissions from its operated assets, which represent 23% of its overall methane emissions, in line with industry expectations.

All our carbon reduction ambitions are expressed on a CO₂e basis which incorporates the full impact of methane emissions. Lastly, all the upstream operators of Galp's upstream production are signatories to the OGCI Methane Reduction Initiative and the Oil and Gas Methane Partnership (OGMP) 2.0.

Acting on methane emissions

The Sines refinery is the asset operated by Galp where methane emissions are most relevant. As such, several measures have been put in place to mitigate these emissions over the years. The refinery has installed a flare recovery unit in one of its flares to reduce flaring and associated methane emissions, as well as a vapour recovery unit to minimise the emissions of diffuse volatile organic compounds (VOC) including methane from loading and unloading hydrocarbons.

Fugitive and diffuse emissions are also monitored and addressed by its annual LDAR (Leak Detection and Repair) Program. The refinery is developing a VOC management plan for the integrated management of all fugitive and diffuse emission reduction and monitoring initiatives of to further minimise operating VOC emissions.

2023 performance

During 2023, the Sines refinery was able to resume its normal energy consumption profile, and registered planned shutdowns to perform recurrent unit turnarounds, which led to a significant reduction of its operating emissions.

The commissioning of the Coral South FLNG concluded during the second half of 2023, and the asset is now operating in plateau conditions.

Overall, Galp's operating emissions (equity) were 13% lower than in the previous year and 30% lower in relation to the 2017 baseline.

The carbon intensity of the produced energy reduced 19% in relation to the 2017 baseline and 6% year-on-year, while the carbon intensity of the energy sold downstream decreased 4% from the baseline and 1% from the previous year. These results reflect the aforementioned decrease in absolute operating emissions, as well as increases in the production and sales of low-carbon energy, like renewable electricity and biofuels.

Galp's Carbon Footprint

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

CO₂e emissions – scopes 1, 2 and 3 (mtonCO₂e)

	2022	2023
Scope 1		
Total	3.4	3.0
Upstream ¹	0.73 (0.49) ²	0.61 (0.41) ²
Industrial & Midstream	2.70	2.38
Commercial	<0.001	<0.001
Renewables & New Businesses	-	<0.001
Other	0.005	0.006
Scope 2 (market based)		
Total	0.009	0.010
Upstream	0	0
Industrial & Midstream	<0.001	<0.001
Commercial	0.009	0.008
Renewables & New Businesses	-	0.001
Other	<0.001	<0.001
Scope 3		
Total	42.6	42.1
Upstream	3.04	3.79
Industrial & Midstream	33.60	30.13
Commercial	9.60	8.22
Renewables & New Businesses	-	0.001
Other	0.002	0.007
---Or---		
Purchased good and services	4.66	4.16
Fuel and energy related activities	1.02	0.96
Business travel	0.002	0.007
Transportation and distribution (upstream and downstream)	0.61	0.68
Processing of sold products	1.34	1.17
Use of sold products	38.61	35.16
Net scope 3 emissions ³	40.0	35.2

¹ Considers all emissions from Coral FLNG, including from activities classified as midstream related to the primary intent of producing gas liquids for sale as liquefaction, etc.

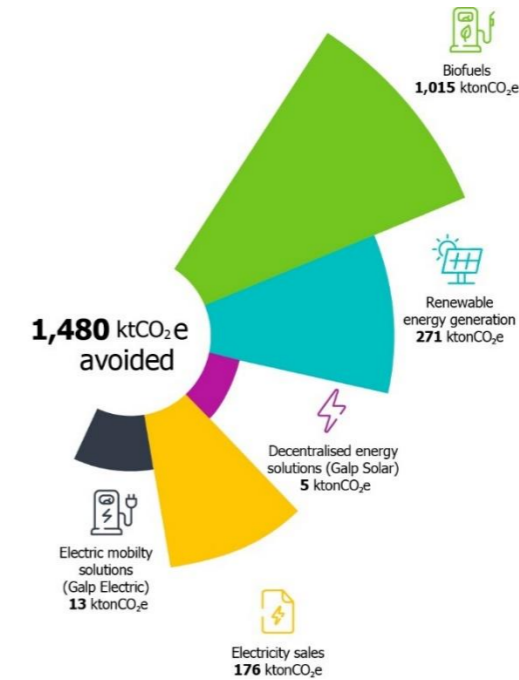
² Excluding emissions from the Coral FLNG which are considered as midstream processes (e.g gas treatment, liquefaction, etc). ³ Net scope 3 emissions represent an estimate of life cycle emissions for the different value chains represented in Galp's sales of energy products where its own energy production is integrated and netted and 3rd party purchases are assumed to be the difference between energy sales/inputs and production.

In 2023, Galp began defining a methodology to calculate and disclose the carbon footprint of its Renewables and New Businesses operations. The aim was to align the reporting of this business unit with that of the remaining businesses and continue to improve our emissions-related disclosure by extending it to the least carbon intensive part of our activities.

Moving towards low carbon solutions

Avoided emissions

Galp estimates the impact of several of its low carbon solutions by publishing a yearly estimate of the emissions avoided by their implementation. This estimate is calculated based on a reference scenario where these solutions and products would not have been implemented during the year they were sold or executed. In 2023, Galp avoided the emission of approximately 1,500 ktonCO₂e through the integration and sales of biofuels for transportation purposes, the delivery of electricity for electric mobility, the production and sale of renewable electricity and the supply of decentralised energy production and energy efficiency services.



Tackling emissions in our businesses

Upstream

Galp's Upstream carbon efficiency

Galp's Upstream portfolio is characterized by its high efficiency and low carbon intensity. At c.9 kgCO₂e/boe¹, it is close to half of the industry's average of c. 18 kgCO₂e/boe (IOGP average of 2022). This reflects the commitment to sustainability and energy efficiency in project design and operations. Our journey starts in project evaluation, where we fully incorporate the amount of carbon dioxide in the field into our investment decisions, focusing on developing assets with low carbon intensity.

- Newer projects, such as the Bacalhau field development, located in the Brazilian Santos basin, are characterized by low field lifetime emissions. The Bacalhau FPSO, currently in construction and forecast to come online by 2025, will feature a combined cycle gas turbine system to increase the efficiency of the power system and reduce associated emissions. Combined with an optimised gas system, this will allow greater energy efficiency within this asset and reductions in emissions from power generation and non-routine flaring. The result will be a world class lifetime emission intensity of c.9 kg CO₂e/boe.
- The Company maintains a focus on the continuous improvement of the efficiency of its non-operated assets in production. It works with operators on identifying and implementing further emission reduction initiatives, such as improving fugitive emissions inventories (including methane), commissioning flare gas recovery systems and also identifying other initiatives that can lead to higher energy efficiency and lower emissions.

Galp's commitment to environmental sustainability is demonstrated by its commitment to the World Bank's Zero Routine Flaring by 2030 initiative. This aims to end routine flaring hydrocarbon production projects, which contribute significantly to greenhouse gas emissions. Currently, all the upstream projects that Galp is involved in operate without routine flaring.

¹ Galp's upstream carbon intensity follows the IOGP recommendations, which includes emissions from energy usage and flaring and excludes emissions from processes considered as midstream in the Coral FLNG.

Industrial & Midstream

- **Efficiency and emission reductions at Sines**

In 2023, the Sines Refinery continued to focus on improving the efficiency and integrity of its operations. During the planned turnaround, several energy efficiency projects were implemented. These included the conclusion of the replacement and upgrade of

the FCC's recovery boiler, and of several exchangers - which were replaced by more advanced technology with higher thermal transfer - and of reactors in the platforming unit. These projects are expected to reduce emissions by c.70 kton CO₂e/year when fully online.

Throughout the year, further energy efficiency investments were identified and approved. These are scheduled for implementation between 2024-2025 and include pre-flash gas re-routing and electrification projects targeting an associated emissions reduction of c.40 kton CO₂e.

Furthermore, in 2023 a site-wide energy assessment was carried out to evaluate and identify additional opportunities to improve energy efficiency to complement the refinery's decarbonisation roadmap.

Progress in the digitalisation of the operations was also made, with the ELLA (Energy Lean & Live Advisor) tool supporting the management of utilities allowing for more versatility, efficiency and robustness in their usage.

- **Low Carbon fuels**

In 2023, Galp continued to grow its HVO production at the Sines Refinery by co-processing, with an output of 108 kton. This is in addition to the c. 25 kton of second-generation FAME biodiesel produced at Enerfuel.

During the year c.362,000 m³ of biofuels were integrated into diesel (biodiesel and HVO) and gasoline (bioethanol) sold by the Company in Iberia. This includes the c. 25 kton of second-generation FAME biodiesel produced by Enerfuel. It translates into a significant reduction of approximately 1,000 ktons of carbon dioxide emissions over the product's lifetime, compared to its fossil fuel equivalent.

Investing in Sines' low carbon future

The company is actively increasing the amount of renewable energy used in its operations and pursuing the development of low-carbon renewable fuels to power all forms of transportation. In 2023, Galp took a FID on its first large scale 100MW electrolyser for green hydrogen production. This large-scale project will allow the replacement of c.20% of the existing natural gas-based hydrogen production in the Sines refinery and may lead to a scope 1 and 2 greenhouse gas emissions reduction of c.110 ktpa.

Galp also sanctioned investment in a 270 ktpa capacity HVO unit capable of producing biodiesel and SAFs, in partnership with Mitsui. The unit will use waste residues to produce renewable diesel (HVO) and SAF. This will allow to avoid c.800 ktpa of greenhouse gas emissions (scope 3, CO₂e), when compared to its fossil fuel alternatives.

These projects will be crucial for the decarbonisation of both the Sines refinery and of the company's portfolio and will enable it to scale-up its low carbon fuel production to provide sustainable fuels for all modes of transport.

- **LNG supply**

In late 2022, Galp signed an agreement with NextDecade to purchase 1 mtpa LNG to be from its Rio Grande LNG project, in Texas for 20 years, starting from 2027. The facility is currently under construction and will include Carbon Capture and Storage solutions, capable of substantially reducing the life cycle emissions

of LNG. This gives Galp the option of purchasing LNG volumes whose liquefaction emissions have been captured.

- **Carbon Capture Storage & Utilisation**

Galp is exploring a range of long-term pathways and options to mitigate, reduce and utilise CO₂ beyond 2030. Although it is difficult, at this stage, to predict which technology or end-use the Company will prioritise, Galp is eager to transform this challenge into an opportunity. To this end, it is investigating storage options or ways to directly use CO₂ in industries such as food and synthetic fuel production, particularly when paired with green hydrogen.

- **Carbon offsets**

Carbon offsets are not part of Galp's shorter-term (2030) decarbonisation targets. They may, however, provide a useful tool for achieving Net Zero emissions by 2050 in line with globally recognised target setting standards.

Carbon offsets can also be important for our customers, who are increasingly concerned about their impact on climate and might therefore be interested in having Galp help them to offset the emissions from their fuel consumption until such time as they are replaced by viable low carbon intensity alternatives. To address these needs, Galp is implementing solutions that integrate offsets into its commercial offer. It is building capabilities and standards to manage carbon offsets and credits, from project development to trading, according to the best available recommendations to guarantee project quality and process reliability.

Commercial

Galp pioneered the supply of low-carbon fuels in Portugal in 2022 by providing SAF for aviation and HVO for maritime transport. In 2023, Galp took another important step towards decarbonising heavy road transport with the launch and commercialisation of "Gasóleo Renovável 100%"

(renewable diesel). This is produced from residual feedstocks and can be used in combustion engines and diesel generators without the need for engine modifications. It allows a reduction of up to 90% of life cycle emissions compared to a fossil equivalent.

Galp also expanded its offer of sustainable products to lubricants with the Galp Bio Lubricants line, a suite of biodegradable, vegetable oil-based lubricants complying with a large spectrum of specifications, including Ecolabel. The advantages of biobased lubricants include high biodegradability, superior lubricity, good thermal properties, base stock renewability and an environmentally friendly nature.

- **Galp Electric**

Galp Electric continued the accelerated growth of its public and private charging points network. These totalled more than 4,800 charging stations in Portugal and Spain, c. 25% of which are fast and ultra-fast charging stations. Sales of electricity for mobility increased to a total of 17 GWh and correspond to c. 13 ktons of avoided CO₂ emissions compared to the same energy used on an ICE (internal combustion engine) vehicle, on a life-cycle basis.

EV powering at IKEA in Portugal

Galp partnered with IKEA to install c.280 charging points at IKEA stores around Portugal. This new infrastructure guarantees that 210 vehicles can charge a range of 100 kilometres simultaneously per hour in IKEA car parks. The Company continued to forge important collaborations that allow it to expand its public charging network and enable a reduction of emissions from partners.

- **Galp decentralised solar solutions**

Galp provides decentralised solar power production and storage solutions to B2B and B2C customers, in the residential, commercial, and industrial sectors using advanced technology to provide fit for purpose solutions and optimal results. In 2023, the Company added more than 6,000 installations in Portugal and Spain, surpassing a total of 10,000 installations in Iberia, with a total of c. 20 MW of solar panels. It also installed more than 700 batteries in its installations. This helps customers to improve self-sufficiency by combining power generation and storage as well as delivering extra yearly savings. The total electricity production from the c. 50 MW of equipment installed since 2020 is estimated to be c. 55.9 GWh and is thought to have avoided c. 5 kton CO₂e during 2023, in comparison to the same amount of electricity purchased from the grid.

- **Daloop**

Galp's innovative Software as a Service (SaaS) platform for managing ICE and EV fleets, charging infrastructure and their users continued growing. By 2023 it counted more than 2,700 vehicles and helped customers reduce costs while simultaneously avoiding c.1.5 kton CO₂e emissions in comparison to normal, non-optimised operating conditions.

Renewables and New Businesses

Renewable electricity is a key driver of Galp's low-carbon energy growth. The Company started production in its first solar PV park in Portugal, at Alcoutim, and increased its installed capacity to 1.4 GWp in operation and generated c.2.3 TWh during 2023. This translates into c. 270 ktCO₂e of avoided emissions compared to the production of an equivalent amount of electricity in the location where it was generated.

Aware of potential for generating offshore wind energy in Portugal, Galp explored opportunities for developing offshore wind capacity.

Through its Corporate Venture Capital activities, Galp invested \$5 m in Verdagy, a US company pioneering the development of a type of scalable electrolysis technology for industrial applications targeting lower cost and less dependence on critical raw materials.

- **Aurora**

The Aurora JV (joint venture) with Northvolt is working towards taking the final investment decision on building Europe’s largest and most sustainable lithium conversion plant in Portugal.

Although the production of lithium hydroxide may lead to a small increase in Galp’s operating emissions, this material will be critical for battery manufacturing. It has the capacity to produce c. 50 GWh of batteries per year (sufficient for c. 700,000 electric vehicles). This would contribute significantly to reducing emissions in the transport sector. To ensure that the impact of this activity is mitigated, the JV is strongly focused on guaranteeing the sustainability of its activity and is defining roadmaps towards emission reductions from its operations and the life cycle of its products.

Corporate centre

New Lisbon offices – Allo Building

Galp’s new office in the Allo building is currently pursuing LEED and WELL Platinum certifications. The new office reflects the Company’s commitment to sustainable energy and practices as it is designed to address the challenges of hybrid work while prioritising user comfort. The offices feature sustainable energy initiatives and resource management practices such as efficient lighting and equipment, on-site renewable electricity generation, electric vehicle charging, water efficient equipment, waste management, etc.

The new building will also help to enable the full electrification of our light duty vehicle fleet, aimed for 2028, and actively promotes other forms of sustainable mobility. It includes:

- more than 130 electric and hybrid vehicle charging points to serve the Company’s fleet which now includes 27% fully electric and hybrid vehicles.
- more than 70 racks with dedicated chargers for parking and charging of light electric vehicles such as electric scooters and bicycles.

Reshaping our portfolio with focus on low carbon

To achieve our ambition, Galp focuses on leveraging innovation for the energy transition. More information on our decarbonisation strategy and initiatives relating to low carbon and energy transition projects and products in different business segments can be found in the corresponding chapter in this report (see Part I – Chapter 3. Business Pillars).

Galp Low Carbon capital allocation

Galp’s strategic plan foresees that over 45% of the gross capital expenditures planned during 2023-2025 will be allocated to low carbon activities. The plan includes several committed projects, or projects that are at an advanced stage of development.

Leverage on innovation for the energy transition

Galp regards innovation as vital to advance a sustainable energy system. The Innovation team drives opportunities to accelerate the energy transition and decarbonisation by testing new solutions and collaborating with the innovation ecosystem to identify potential business streams. These include decarbonising industrial activities, low carbon fuels, renewable electricity, electric mobility, and social innovation. In 2023, more than half of new projects were focused on low-carbon initiatives, with 12 proofs of concepts successfully completed and five innovation projects, offering business opportunities for the business units. Galp has invested c. €140 m in ongoing projects, of which c. €30 m of this in 2023.

Ongoing projects encompass an array of different subjects, for different innovation centres. Highlights for the year include:

- **Industrial and Midstream Innovation centre:** Galp continued to explore options for sustainable fuel production by looking into carbon utilisation routes. The goal is to convert the challenge of emissions reductions and capture into an opportunity by exploring how to use CO₂ directly in industrial applications or combining it with green H₂ in synthetic fuels manufacturing. Another project analysed 21 technology options for sustainable aviation and maritime fuels and included three pre-feasibility studies in Brazil, emphasizing e-fuels production through Fischer-Tropsch and ethanol routes. These studies will guide the prioritisation of low

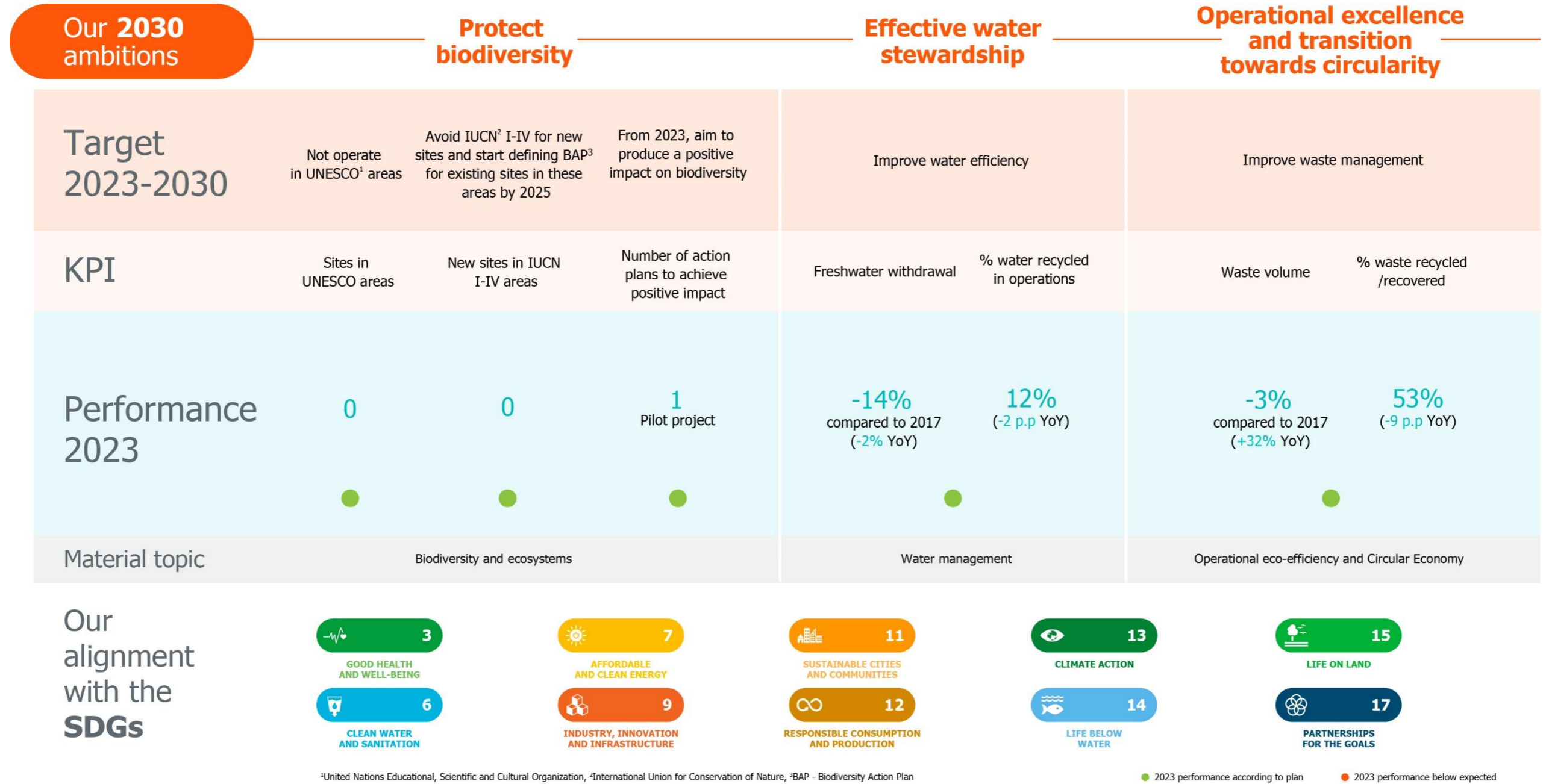


carbon fuel production routes. Greenfield and brownfield biomethane production opportunities were also analysed in several geographies. The focus will be on developing a pilot to validate assumptions and enhance technology.

- **Commercial Innovation centre:** The Second-life Batteries project placed a container filled with used EV batteries at a Galp service station in Madrid. These batteries are charged with renewable electricity from locally installed solar PV panels and expedite the deployment of new ultra-fast charging hubs in places where medium voltage connection is inaccessible or can be accessible by request. At the same time, it serves as a testbed for advanced data analytics tools to predict failures and extend battery lifetimes. The Caxias Living Lab energy community was also expanded to reach 85 PV panels, five batteries, and two heat pumps.
- **Renewables Innovation centre:** In partnership with ISA (Instituto Superior de Agronomia), Galp launched Portugal's first Agri-PV pilot in a vineyard to support land dual-use and optimize agricultural production in the face of climate change and the energy transition. The pilot is expected to be operational by April 2024. Galp also explored PV recycling and solutions to minimise shadow losses on uneven terrains with a pilot on a PV plant in Spain.
- **Open Innovation centre:** The 2nd edition of the "StartUp The Future" program recognised five new companies, while previous years' winners developed pilot projects in Portugal, Spain and Mozambique. New engagements included a partnership with Instituto Superior Técnico to support a practical learning space dedicated to energy innovation and prototype development. Galp also established a "Sustainable Energy Systems" research community with Nova University Lisbon and supports a program at the Católica University in Lisbon, focused on researching "Digitally Enabled Business Models for a Fair and Sustainable Energy Transition".



2. Biodiversity, Water, Circular Economy



As outlined in the 2024 Global Risks Report by the World Economic Forum (WEF), the most severe risks expected to emerge in the next decade are associated with climate and nature. Efforts are being made to tackle this crisis through strategies and collaborations between the global community and market forces, particularly those focused on nature.

The 2022 Conference of the Parties for the Convention on Biological Diversity (COP15, held in Montreal, Canada) led to the Montreal-Kunming agreement. It sets ambitious goals to stop and reverse biodiversity loss by 2030, including reforming harmful subsidy systems and restoring 30% of the planet's degraded ecosystems.

Adding to this and considering other frameworks, such as the Task Force on Nature related Financial Disclosures (TNFD), and emerging trends like Science-Based Targets for Nature (SBTN), Galp is determined to support and contribute to nature conservation.

Galp has established a robust Environmental Management System applicable to all operations and activities, in accordance with ISO 14001 guidelines. This framework, which has been in place for over 10 years and undergoes continuous improvement, ensures compliance with legislation and other relevant requirements, proficiently manages environmental risks, and fosters continuous performance improvement across the life cycle of our activities, products, and services. Moreover, our environmental management system will progressively align with CSRD guidelines. This includes the assessment and action on risks and opportunities, as well as the tracking of performance through environmental metrics such as energy consumption, waste management, water usage, and biodiversity.

Galp's approach to TNFD

We are already preparing the implementation of the TNFD framework, starting with setting Galp's governance of nature-related dependencies, impacts, risks, and opportunities and piloting the LEAP (Locate, Evaluate, Assess and Prepare) risk assessment.

Governance on nature-related topics

The Sustainability Committee, our board level committee, has the duty, among others, to assess and supervise the risks and opportunities related to climate and nature, with the support of the Risk Management Committee. The Governance pillar of TNFD will undergo continuous analysis and improvement as needed throughout the framework development process.

LEAP Risk Assessment Pilot Project

This is a comprehensive approach that involves assessing nature-related issues and identifying priority action areas. As we are conscious that dealing with nature dimension is location-specific, our approach is focused on specific assessments and responses. We believe this is a key opportunity to understand, manage, and respond effectively to nature-related risks and opportunities for Galp. We have recently concluded the "Locate" and "Evaluate" phases.

- **Project's Scope:** Our analysis of Galp's portfolio involved a high-level examination of key aspects, such as geographic distribution, activity type, business strategy and nature integrity. This guided our assessment priority, focusing on Galp's specific operations.
- **Locate & Evaluate phase:** We started by mapping our business footprint and ecosystem types. Next, we assessed Galp's dependencies on ecosystem services and key impact activities, combining sector and company context, the current state of nature and ecoefficiency performance. This process culminated in a material matrix, highlighting priority assets for assessment and actions on associated risks and opportunities.

Protect biodiversity

To achieve our ambition, Galp is focused on the following drivers:

- Commit to include biodiversity related criteria in the decision-making
- Embed our sites in the ecosystem
- Collaborate through initiatives and partnerships

Commit to include biodiversity related criteria in the decision-making

We aim not to operate/explore/mine/drill inside the boundary of UNESCO's World Heritage areas and avoid IUCN (International Union for Conservation of Nature) Category I-IV protected areas.

In 2024, we reaffirmed our position on biodiversity with the approval of our Biodiversity Policy which can be consulted on the Galp's website (link [here](#)).

Galp's Biodiversity Policy

Our Biodiversity Policy is centred around three fundamental principles:

Respect protecting zones

We recognise the value of UNESCO's World Heritage areas and IUCN protected areas, and we respect their boundaries by not operating or avoid these high biodiversity important areas, respectively.

Identify, assess, and manage existing and new operated sites

We evaluate biodiversity in our operations and value chain, and embed it into our strategy and risk management. Specific action plans for sites near protected areas¹ and strategies for positive biodiversity impact in new projects are integral to our approach. In joint ventures, we promote collective integration by sharing our biodiversity guidelines, so as to foster a shared commitment to their implementation.

Promote collaboration and spread knowledge

We encourage key stakeholders to integrate biodiversity criteria into their business practices. Our efforts extend to fostering biodiversity-focused training and awareness initiatives among relevant partners.

Preserve and conserve the forest

We have reinforced our aim to achieve zero net deforestation² in new projects as outlined in our Biodiversity Policy. This entails avoiding the removal of forest land whenever possible, and if unavoidable, compensating with future reforestation efforts.

In 2023, Galp started implementing three new photovoltaic projects that avoid deforestation and one requiring compensation measures.

¹ UNESCO's World Heritage areas and IUCN Category I-IV protected areas.

² Galp uses Food and Agriculture Organization of the United Nations (FAAO) definition for forest: "Land spanning more than 0.5 hectares with trees higher than 5 meters and canopy cover of more than 10 percent, or trees able to reach these thresholds in situ".

Nature-related dependencies & impacts and Biodiversity risk screening

We annually perform a biodiversity risk screening, across all our operated sites. In 2023, we incorporated the identification of potential nature-related material dependencies and impacts associated with our main current business activities to enhance our comprehension and allow a more effective risk evaluation. In addition, we intersected the location of our operated sites with biodiversity relevant areas³ using the IBAT Tool. The number of threatened species in areas surrounding our operations is also monitored according to the IUCN Red List.

Among all our operated sites, none are situated within or adjacent to UNESCO's World Heritage Areas. Regarding IUCN Category I-IV protected areas, 29 sites (6%) are situated in or near (within a 1km radius) of these regions, predominantly service stations in Iberia, where we plan to develop biodiversity action plans.

More detailed information can be consulted in Galp's Nature Risk Screening 2023 (link [here](#)).

³ Any area of biodiversity protection or of priority conservation identified in this report, according to the data provided by the IBAT tool (IUCN areas, Key Areas of Biodiversity, Ramsar, Natura 2000 network, and UNESCO World Heritage).

Embed our sites in the ecosystem

Approach to our operations

Our management approach follows the mitigation hierarchy (avoid, minimise, restore and offset). We are planning to develop action plans for sites located in or adjacent to protected areas. At Sines Refinery we are working on a Biodiversity Action Plan, with the support of subject experts. The initial phase involved characterising the regional fauna, flora, vegetation, and habitats. As we progress, the final report is underway and contains detailed conclusions and the corresponding recommendations.

For new projects located in or adjacent to protected areas, Galp is focused on developing a strategy to produce a positive impact on biodiversity. The Company developed a methodology called "Smart Renewable Power Plant" with the assistance of external experts to integrate solar plants into the ecosystem aiming to achieve a positive impact.

Alcoutim: Net positive impact pilot project



In 2023, we started a pilot project in Alcoutim, Portugal to implement the “Smart Renewable Power Plant” methodology. Inaugurated in September and aggregating four PV plants – S. Marcos, Viçosa, Pereiro, and Albercas – the project spans an area of 250 hectares, with a capacity of approximately c.140 MWp.

A Biodiversity Action Plan (BAP) was developed for this site, outlining the measures for a Net Positive Impact. The plan aims to renaturalise a total area of around 73 ha. Initiatives include sheep grazing and shelters for birds and bats. These and other actions promote diversified use of the land and soil regeneration while safeguarding and increasing local biodiversity and enhancing ecosystem services, among other benefits. As this is a pilot project, we expect to obtain key results that will enable us to replicate them for other similar solar facilities. More detailed information can be found on Galp’s website (link [here](#)).

In case of joint ventures, we share Group’s biodiversity guidelines to collectively pursue integration of biodiversity issues.

Biodiversity in Upstream projects

In recent years, the Coral FLNG project has played a crucial role in biodiversity protection. Activities include coral cultivation, capacity building for fishermen, provision of laboratory equipment to UniLurio (the local university), and awareness campaigns on biodiversity conservation at the Vamizi Community School.

An environmental characterisation study was also performed in the Namibia PEL83 region, and a final report is expected to be concluded in the first semester of 2024.

Detailed information related to upstream projects can be consulted in the Biodiversity Management Best Practices Guides and its supplements (link [here](#)).

Collaborate through initiatives and Partnerships

Galp participated in several initiatives and collaborations this year, working in partnership with relevant stakeholders:

- Galp continued to be part of TNFD Forum, a multi-disciplinary consultative group who shares the mission and principles of the TNFD and is available to contribute to the work of the Taskforce.
- Galp continued its membership of Fuels Europe and CONCAWE, and actively engages in initiatives, task forces, and working groups within the oil and gas sector (specifically on the refining industry) to address relevant environmental concerns.

- Already a member of BCSD Portugal, Galp joined its Biodiversity working group and contribute to delivering solutions to protect and preserve biodiversity.

Galp joins act4nature initiative

We have joined act4nature Portugal, an initiative promoted by BCSD Portugal, as part of act4nature international. This program mobilises companies to protect and restore biodiversity by encouraging them to join and sign up to 10 common commitments, along with individual ambitions, aligned with their specific activities.

More detailed information can be consulted on the act4nature Portugal website (link [here](#)).

- Galp partnered with the University of Zaragoza (UNIZAR) and the Agrifood Research and Technology Center of Aragón (CITA) to develop a renaturalisation plan for the solar parks in the Aragón region, Spain. Among other benefits, the plan aims to protect and enhance local biodiversity and regenerate soil (link [here](#)).
- PRIMILART: Galp developed initiatives to protect the habitat of the *cernicalo primilla* (in alignment with the European Birds Directive and National protection plan), including the creation of shelters. This initiative goes beyond conservation by fostering a cultural art movement around the primillar, adding value to the community, and promoting biodiversity awareness, traditions, and cultural heritage.
- World Environment Day: On 5th June, Galp’s teams visited our solar plants in Alcoutim, Aragão, and Minas Gerais (Vereda Plant) to celebrate the day. The event brought together different teams and included activities such as visiting photovoltaic plants and installing equipment to boost biodiversity (e.g. acoustic sensors,

insect hotels, and shelters for bats and birds). Action plans for biodiversity and circular economy projects, including recycling plastic and electronic equipment, were presented.

Earth Day



During the week of 21-25 of April, Galp celebrated Earth Day. We gathered the little Energisers of the Galp family to celebrate this day with learning and fun activities at the Lisbon Towers and at the Sines Refinery. Together with Águas do Tejo Atlântico and Sociedade Ponto Verde, we organized recreational activities to promote awareness of sustainable practices, focusing on water concepts (water cycle, wastewater treatment, efficiency) and recycling. We also shared suggestions of documentaries and books, among other materials, to raise awareness of nature-related topics.

Effective water stewardship

The interdependence between water and energy is expected to increase in the years ahead, with significant implications for both energy and water security. Considering this trend and given the scope of our current and future activities – some of which are located in water-stressed regions – effective and collaborative management of water resources is essential.

To guide us towards our ambition, Galp is focused on understanding and conserving water resources.

Understand and conserve water resources

At our annual nature risk screening, we use the WRI Aqueduct Water Tool, developed by World Resources Institute, to map and assess water risks in our operated assets (link [here](#)). As of 2023, 36% of Galp's operated sites were in areas with high or extremely high overall water risks. This is largely attributable to their location in Iberia, where physical water quantity risk (particularly water stress) is prevalent. Sines Refinery was identified as a priority hotspot.

Although the Retail business is not typically associated with significant water-related issues, it includes most of Galp's operated sites located in water stress regions in Iberia. Despite accounting for less than 15% of Galp's total freshwater withdrawal volume, improving water efficiency is a priority, especially at service stations with car washing services. Starting this year and extending to existing sites already equipped with carwash water recycling systems, new or revamped sites offering this service will integrate water recycling systems in accordance with the allocated budget.

Improve water efficiency – case of the Sines Refinery

The refinery has been recognised as a priority hotspot due to its location in a water-stressed region and its significant potential impact on water resources, which represents 74% of the overall freshwater withdrawal for the entire Group.

Galp has been investing in reducing on water resources the pressure of refining activities. Examples are the installation of a membrane bioreactor (MBR) to increase the amount of recycled industrial wastewater and significant investment in maintenance of the firefighting system. Additional initiatives, such as reuse of water in fire and garden water systems, along with the reuse of process water, contribute to the 12% of Galp's 2023 total recovered/ recycled freshwater.

We foresee an increase in its water dependency due to the new projects involving HVO and H₂ production units. To proactively address this, we are planning eco-efficiency measures and water-related issues are being incorporated in the key stage gates of these projects.

Operational excellence and transition towards circularity

Galp is focused on improving ecoefficiency performance, by optimising resources, effluents, emissions, and waste, through continuously improving its performance. We achieve this by promoting adoption of the best available technologies, setting goals and targets, and periodically monitoring performance in all geographies, subject to third party reviews. The management of environmental aspects due to Galp's activities is ensured through its integrated management system, which is certified by ISO 14001.

We also aim to disseminate and increase circularity in our value chain, from construction, to operating and decommissioning. We will focus on using our resources and materials efficiently, increasing the reuse and recycle approach and identifying new opportunities in new projects.

Optimise resources, effluents, emissions and waste

This year, we reduced energy consumption by 17% compared to 2022, correlating with a 10% decrease in processed feedstock influenced by the Sines refinery turnaround performed this year.

Freshwater withdrawal decreased by 14% compared to 2017, showing consistent reduction. This trend is not only related with the turnaround, but also reflects our dedication in implementing measures to improve ecoefficiency in operations. Water recycling rate slightly decreased by 2 p.p. compared to 2022, also explained by the turnaround. Freshwater withdrawal has increased in areas facing water stress. This is driven by the expansion of regions experiencing water stress, thereby affecting a larger number of sites.

Galp's performance in other key environmental indicators, including waste, was strongly influenced by two turnarounds at the Sines refinery and the works to dismantle the Matosinhos industrial site.

Both these events contributed to increasing the total waste production (+32% vs 2022), particularly hazardous waste (+40% vs 2022) due to the works. It is important to note that 53% of the total waste generated, was valued.

	2020	2021	2022	2023	of which, Refining ¹
Direct energy consumption by primary sources (TJ)	38,863	34,249	30,480	25,382	98%
Purchase of electricity (TJ)	1,558	1,389	1,271	1,506	81%
Total water withdrawal (10 ³ m ³)	9,881	9,435	9,343	9,125	74%
Total freshwater withdrawal (10 ³ m ³)	9,743	9,321	9,219	9,032	74%
Total freshwater withdrawal in areas with water stress (10 ³ m ³)	-	6,764	8,078	8,353	80%
Total water recycled (%)	15	14	14	12	56%
Wastewater (10 ³ m ³)	5,913	5,822	6,125	6,109	60%
Waste produced (ton)	27,894	20,355	22,167	29,240	48%
Hazardous waste produced (ton)	21,701	16,268	17,671	24,776	46%
Waste recovered/recycled rate (%)	56%	60%	62%	53%	-
Number of primary containment losses that impacted the environment ²	7	11	7	5	0%
Volume of primary containment losses that impacted the environment (m ³) ²	302	44	64	5	0%
GHG Emissions under the European Union Emissions Trading System (tonCO ₂ e)	3,067,805	2,674,058	2,664,396	2,359,568	100%
NOx emissions (ton) ³	1,384	1,349	1,539	918	78%
SO ₂ Emissions (ton) ³	1,113	922	1,454	1,394	100%
Particulate emissions (ton) ³	182	183	70	13	54%
Methane emissions (ton)	682	491	1,318	1,022	23%
Carbon Footprint – Direct Emissions (tonCO ₂ e) (scope 1)	3,591,892	3,198,740	3,442,507	2,991,742	79%
Carbon Footprint – Indirect Emissions (tonCO ₂ e) (scope 2 – market based)	42,026	9,149	9,138	9,848	0%
Flaring gas – Upstream (Mm ³)	40.2	34.5	116.6	74	0%

¹ The refining activity (Sines Refinery) is the segment with the greatest impact in the environmental performance of the Company.

² Includes containment losses >0,150 m³ (c. 1 bbl), excluding gaseous products.

³ The 4th quarter emissions of the Sines Refinery are estimated

Circular economy

Galp is focused on making materials last longer, by using resources responsibly and incorporating circular principles from design to disposal. We aim to collaborate with partners in order to share experiences and best practices and create opportunities aligned with this objective. We strategically reconsider the traditional business model through a circular lens, by exploring solutions through Innovation initiatives.

- **Advanced Biofuels**

Sines's transformation, from a grey refinery to a green energy hub, will enable Galp to develop efficiency projects that incorporate reused materials to produce low-carbon products.

In 2023, Galp and Mitsui partnered to set up a 75/25 joint venture and invest in a large-scale 270 ktpa unit adjacent to the Sines refinery for producing and marketing advanced biofuels. The unit will use waste residues to produce Hydrotreated Vegetable Oil (HVO) and Sustainable Aviation Fuel (SAF), thereby reducing the environmental footprint compared to its fossil fuels alternatives.

We are maintaining operations at Enerfuel, an industrial facility in Sines, producing Fatty Acid Methyl Ester (FAME) biodiesel, exclusively from animal fats and used cooking oils. In our Sines refinery, we supply Fluid Catalytic Cracking (FCC) to St. Gobain for bitumen production. To further enhance our contribution to circularity, we are exploring the classification of some of our waste as input for other industries.

- **New Businesses – Lithium value chain**

Galp is co-developing a lithium-processing facility in Setubal (Aurora). For this project, the creation of a network of offtakers for the by-products of lithium conversion it is being planned. This will promote a circular economy and ensuring that the impact from this activity is mitigated.

- **Renewables - Solar Photovoltaic Plants**

Our innovation team conducted an in-depth assessment of CERFO (Centro Europeo de Reciclaje Fotovoltaico), a startup in Aragón that is establishing a PV module recycling facility in Spain. This involved analysing the PV recycling market, the relevant regulations, and CERFO's business and technology. With the support of a specialized consulting firm, we explored end-of-life routes for PV modules in Europe and benchmarked these against industry standards.

- **Commercial – Convenience**

Together with our suppliers, we are implementing practices to improve circularity in our convenience stores. This includes reducing plastic packaging materials and replacing disposable packs with reusable ones for transporting bottles, which can then be returned for reuse. We also convert the biowaste from coffee as a by-product, by providing our clients the opportunity to take the coffee grounds and use them as biofertilizer.

3. People, Communities, Human Rights

Our 2030 ambitions	People-centric energy transition		Promote Diversity			Respect Human Rights		
Target 2023-2030	Drive a just transition enabling communities to thrive		Accelerate convergence to gender parity until 2030			Implement an adequate human rights due diligence process under a risk based approach in light of UNGP ¹		
KPI	Critical communities that received high-impact advisory on social impact	Local hiring	Women in management and leadership roles	Women in Board of Directors	Adjusted gender pay gap	Training hours in human rights	Supplier audits that include human rights criteria	Third-party integrity assessments that include human rights criteria
Performance 2023	100%	98%	35%	37%	2.6%	>1,500	44	>1,200
Material topic	Local Community development	Development of Human Capital	Work practices and conditions	Talent attraction & retention		Human Rights		

Our alignment with the SDGs



¹United Nations Guiding Principles on Business and Human Rights

● 2023 performance according to plan ● 2023 performance below expected



People-centric energy transition

A crucial element of the energy transition is inclusivity and emphasis on people. Galp supports the United Nations' Sustainable Development Goals (SDGs) and aligns with the Paris Agreement's objectives as part of the collective effort towards a net-zero emissions economy by 2050.

To achieve our ambition, Galp is focused on the following drivers:

- Encourage social dialogue and stakeholder engagement
- Skill all employees for the challenges of the energy transition
- Empower communities through social investment

Encourage social dialogue and stakeholder engagement

Galp aims to foster closer connections and relationships with customers, suppliers, partners, communities, governments, academia and other relevant stakeholders. Their insights present opportunities for mutual value creation that will benefit both the company and society.

Climate policy engagement

Galp actively collaborates with relevant stakeholders at the community level. Our goal is to serve as a positive contributor, creating value and supporting both national and local economic development.

The Company actively participates in climate policy initiatives and engages with entities like the European Commission and steers business associations towards responsible climate policy to ensure

compliance, foster innovation, and address environmental challenges effectively.

We regularly engage with trade associations to ensure alignment with key climate agreements and principles. Our trade associations report transparently showcases their perspectives and any disparities, this assisting our selection process for future affiliations. The 2023 updated report can be consulted on our website ([link here](#)).

Our presence in key events

Throughout 2023, we continued to take part in events and initiatives addressing the energy transition and sustainability topics.

- **Galp Electric Summit:** Galp representatives discussed topics such as REPowerEU and Oil&Gas evolution and took part in insightful discussions alongside other companies and organisations such as Repsol, BP and Prio.
- **Sustainability and Society Forum:** Galp attended meaningful panels on "Global Energy Trends", "Goals and policies for a sustainable Europe" and "Building a sustainable and inclusive future".
- **Lisbon Energy Summit:** the 1st edition of the event was co-hosted by Galp and EDP and promoted debate on the opportunities and challenges of the energy system of the future.
- **Web Summit:** for the 3rd consecutive year, Galp was present at the event with an approach centred on its people and the innovation projects it supports. Around 300 employees were invited to become involved, thus providing an opportunity for their personal development.
- **COP 28:** Galp was once again present at the 28th edition of the COP in Dubai, UAE. Our External Affairs team had the opportunity to take part in several events and conferences where key issues

such as energy transition to renewable sources, climate and loss and damage financing, energy taxation, methane emissions and accelerating low emissions technologies were debated.

Galp also engages with a number of investors through dedicated meetings, and with associations (e.g., WBCSD, BSCD Portugal, UN Global Compact, World Economic Forum, Energy Impact Partners, etc.). This provides an opportunity to exchange knowledge, participate in discussions and influence various issues.

In addition, Galp promoted several Town Hall events open to all employees in all geographies. Each event had around 2,000 attendees and covered issues such as the current context and where the future challenges lie, business evolution and new governance structure, the imperative for business continuity and the relocation to the new Lisbon headquarters.

Skill all employees for the challenges of the energy transition

During 2023, we continued to promote initiatives on topics related to the energy transition, reskilling, etc. These initiatives involved employees and other stakeholders.

- **Skilling sessions on Energy Transition:** we intensified the energy transition and climate change training initiatives for employees, executives, and board members. The numerous meetings held throughout the year included workshops, and upskilling sessions, covering various ESG topics such as the sustainability roadmap, green H₂, GHG emissions, voluntary carbon market, and biodiversity. A dedicated session was conducted for the Sustainability Committee to deepen analysis of GHG emissions fundamentals, Galp's decarbonisation metrics, performance and ambitions. Some of the employee engagement activities included Earth Day celebrations and Sustainability Week events.

- **Business Roundtable Portugal:** the ultimate goal is to reskill 20,000 unemployed individuals in Portugal by 2025. This national project counts with Galp's commitment and active participation.
- **Data Literacy Programme:** Galp continued its partnership with the Porto Business School and International Data Corporation, and conducted over 200 hours of formal learning sessions, on-the-job learning and direct support in data projects. This involved more than 100 employees over 4,900 hours.

Empower communities through social investment

Social licence to operate

Securing a social licence to operate remains a top priority and entails ongoing dialogue and engagement with local communities and other stakeholders to transparently address risks and opportunities in each context and geography where Galp operates. In São Tomé and Príncipe we support the local community through social projects involving several stakeholders in order to understand their expectations and obtain social acceptance to operate.

Social impact on communities

In 2023, we provided targeted high-impact social advisory to 100% of our critical communities in Iberia, Brazil, and Africa, ensuring project execution support and alignment with Galp's social impact strategy, through regular meetings and engagements.

Galp aims to support society through sustainable energy, education, conscious energy consumption, biodiversity protection, and social innovation, as aligned with our five strategic pillars of social impact.

1. Sustainable energy and mobility solutions | Shared value is part of the energy transition path.

Impact in 2023: 19 initiatives developed.

Some examples:

- Colmeia: a new collaborative community social innovation programme to boost entrepreneurship, bringing together talent, start-ups and the entire community within the scope of sustainable energy solutions.
- Galp "Energia Solidária": in partnership with "ENTRAJUDA" this initiative aims to mitigate the impact of increased energy costs for the most vulnerable.

2. Education/sensibilisation | to raise awareness of the energy transition through education and support local communities throughout this process.

Impact in 2023: 125,857 beneficiaries.

Example:

- Orquestra Maré do Amanhã (OMA): a project teaching music to children and teenagers and promoting the creation of education and employment opportunities for young people in order to move them away from violence and drug trafficking, in Rio de Janeiro.

3. Ecosystem integration | Promoting a net positive impact on ecosystems and biodiversity.

Impact in 2023: 9 initiatives developed.

Example:

- Triggers program: we continued our participation in the 2nd edition, where the three finalists celebrated the circular economy and the optimization of waste and received funding to implement the projects awarded.

4. Support to local projects | We support local projects that contribute to communities' sustainable development priorities.

Impact in 2023: 1,214,069 direct beneficiaries

Goal 2025: 4,500,00 direct beneficiaries (since 2021).

Some examples:

- Every Step Counts: four editions of this initiative have delivered 3.2 million meals to the Emergency Food Network, in Portugal.
- Vilas em Movimento: this project promotes sustainable mobility and social inclusion through shared electric bicycles, charging stations, and refurbished facilities for physical exercise, social well-being, and workshops to mitigate loneliness among older residents.

5. Social emergencies | Assistance in social emergencies caused by economic, political, environmental issues, whether these are persistent or occasional.

Impact in 2023: 20,432 beneficiaries.

Some examples:

- Galp Ukrainian Integration Programme: almost two years after the invasion of Ukraine by Russia, this programme implemented in the academic year of 2022/2023 supported 25 students.
- Cabo Delgado: we focused on reducing the impact of the armed conflict on the displaced population by delivering food, clothing, school supplies, and other goods to children and school communities.

Volunteering programme

Galp's volunteer programme, aligned with our social investment strategy, grants employees six days annually for community engagement to foster internal alignment, skill development, and local community investment. It is fully supported by our Executive

Committee and, in 2023, we reached 25% of the total headcount in volunteers, moving closer to the 2025 target of 26%. Galp volunteers spent almost 9,000 hours on volunteering activities, with a strong focus on the social emergencies pillar.

More information regarding our contribution to local communities can be consulted in our Galp's Foundation Management Report ([link here](#)).

Measuring our social impact

We measure our progress against our social objectives according to the Business for Societal Impact (B4SI) methodology.

2023 Social Impact	
Motivation (€m)	
Donations	1.5
Community investment	33.9
Commercial initiatives in the community	0.7
Europe	9.5
Middle East and Africa	1.6
North America	0.02
South America	25
Total (€m)	36.1
Motivation (%)	
SDG 4: Quality Education	74
SDG 7: Affordable and Clean Energy	7
SDG 10: Reduced Inequality	8
SDG 11: Sustainable Cities and Communities	2
SDG 13: Climate Action	6
SDG 17: Partnerships for the Goals	1
Number of beneficiaries	1,712,092
Number of beneficiary entities	5,101
Volunteering	
Number of volunteers	1,756
Volunteering hours (Galp employees)	8,937

Create, promote and support green jobs

Apart from the new projects in Sines that will support access to and the creation of green jobs, the reconversion of the former Matosinhos refinery site will also follow the principles of innovation and sustainability. The demolition works started in October 2023 and will take place over a period of two and a half years. The macro perspective of this redevelopment project is to attract investments that guarantee qualified employment through a technological hub, structured around a university campus, a technology park and business centres. More information on the Matosinhos project can be consulted on our website ([here](#)).

Promote Diversity

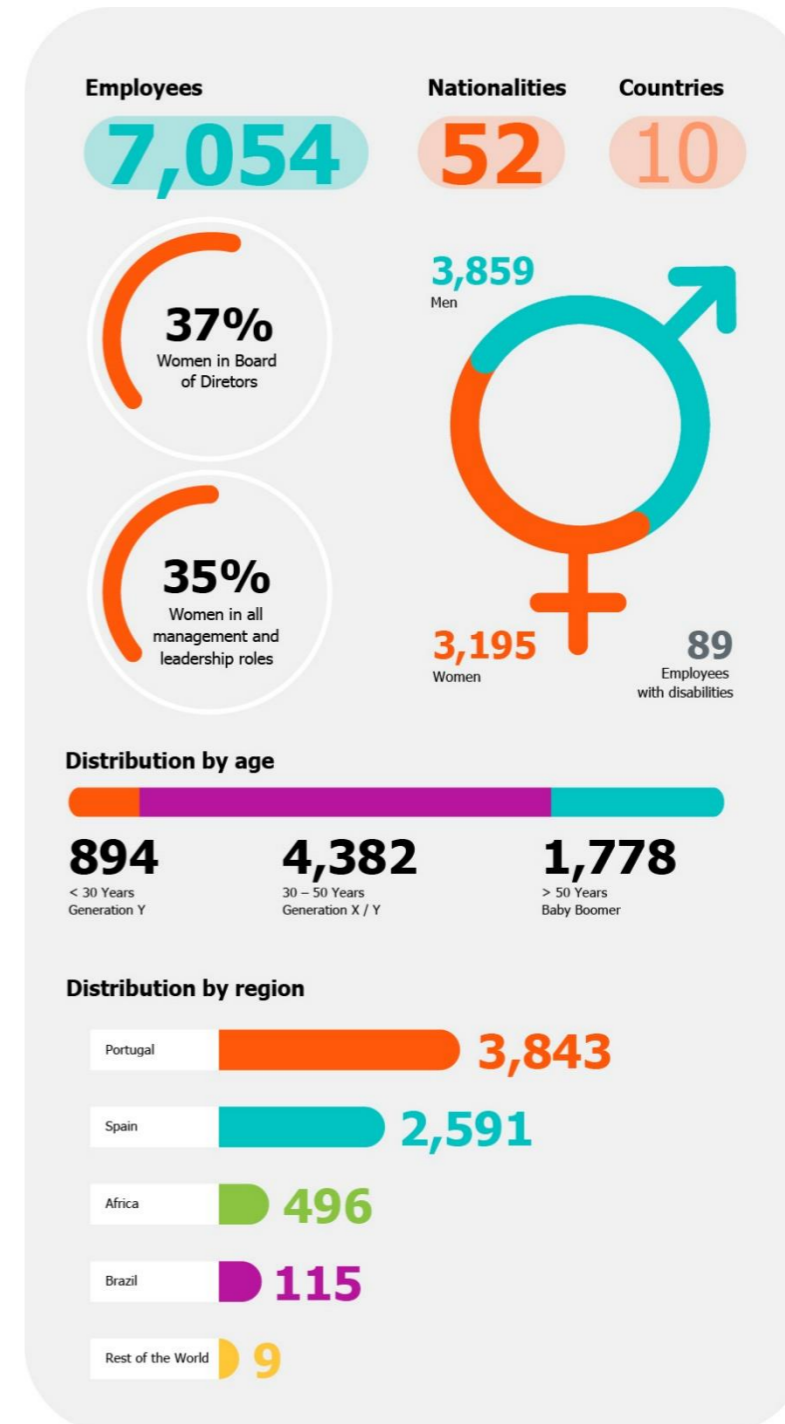
Galp is developing a strategic plan for Diversity, Equity, and Inclusion (DE&I) to foster a sustainable culture that embraces diversity across gender, abilities, backgrounds, race, age, cognitive diversity, and more. In the process, Galp is focused on promoting a DE&I culture and addressing inequalities.

Elevate a DE&I culture and tackle inequalities

In 2023, Galp was once again included in the Bloomberg Gender Equality Index and was recognised alongside other companies for the excellence of its gender and equality practices, achieving an overall score of 86%.

In 2023, over 1,500 individuals across all geographies were impacted by the communication of the DE&I strategy. In addition to making information available to all employees via the intranet, we undertook a series of actions to raise awareness of the topic among employees.

As of 31 December 2023, Galp had 7,054 employees, in 10 countries.



Gender

We will continue working to increase female representation in leadership aiming to converge to gender parity. This ambition is measured by the Equality Plan, published annually, and approved by the Executive Committee. The 2024 Equality Plan, which contains our primary objectives for the pursuit of equality in treatment and opportunities for both women and men can be found [here](#).

Galp continues to work towards accelerated convergence to gender parity by 2030. Despite having more than 45% of the employees being female, we are still below our ambition regarding gender parity in management positions.

Professional category	Female		Male	
Senior management	84	30%	197	70%
Middle / Other management	293	37%	503	63%
Total	377	35%	700	65%
Non-management	2818	47%	3159	53%

Gender empowerment in the leadership was visible in 2023 as we increased the percentage of women in the new Board of Directors from 28% to 37%. There was also a notable improvement in gender balance within board level committees, with three of the four committees now chaired by female members of the Board of Directors (Audit Committee, Sustainability Committee and Risk Management Committee).

In 2023, our efforts towards gender equality extended across various human resources practices:

Recruitment and Selection

- We set a goal of 50% of candidates of both genders in the longlist for external recruitment partners or selections. In 2023, 51.4 % of the new hires were women.

Training and Development

- Implementation of the LeadHER program, a set of initiatives designed to reinforce and support the development of women identified as having high potential to grow in positions of greater responsibility and impact.
- Participation in external leadership programs such as "Promova", a *Confederação Empresarial de Portugal* (Portugal's Employers Association) and NOVA School of Business and Economics executive program, and "Women on Board", an executive program developed by Vieira de Almeida's Academia.
- Implementation of the "Diversity Talks" initiative during 2023 and 2024, featuring internal and external guests to address the four pillars of DE&I at Galp. We highlight the talk "Man Up – What does it mean to be a man", an initiative carried out during the "Movember" movement.

Equal Pay

- Annual salary review with gender indicators to ensure informed decisions in this regard, with the evaluation and monitoring of metrics being aligned with ACT and Bloomberg GEI.

	2023
Global gender pay gap ¹	18%
Adjusted gender pay gap ²	2.6%

¹ The global gender pay gap is calculated by subtracting the average female compensation from the average male compensation and dividing the result by the average of the male compensation. The gender pay gap indicator considers annual base pay.

² The adjusted gender pay gap considers the different job grades within the company, subject to weighting, thus determining their position relative to each organizational structure and the respective proportion of employees in each job grade.

Galp continued its efforts to promote equity and fairness in compensation practices, showing a decrease of 1 p.p in the global gender pay gap, compared to 2022. The adjusted gender pay gap metric, which considers the effect of the different job

grades within the company, improved among retail employees (-4 p.p vs 2022) who represent around 45% of our workforce, and among non-retail employees (-2 p.p vs 2022), resulting in an overall value of 2.6%.

Youth

In 2023, we built an integrated youth journey to provide more opportunities for young individuals to enter the workforce and be better prepared for the future. Accordingly, we have developed a roadmap of events to get closer to young people and introduced two new programs: Summer Internships (Summer Break Galp) and Galp Operations (Trainee Program for our Galp stores). Details can be found in chapter 4. of this report – Part II - Protect and empower our People – Galp as a great place to work.

We maintain our ambition of increasing young talent from 12% to 24%. This is applicable to the companies in the group covered by the Pact for 'More and Better Jobs for Young People', sponsored by the José Neves Foundation.

Currently, 13% of our employees are aged 30 years or younger, and we are working to increase this to 24% by 2026. In this first year, we saw an approximate 1 p.p increase.

Disability

At Galp, we reject any discrimination based on disability by ensuring parity in opportunities and treatment within the workplace. We actively participate in the Inclusive Community Forum (ICF) initiative, dedicated to fostering the integration of individuals with disabilities into the broader community. As a testament to our dedication, Galp has pledged to increase representation of employees with disabilities, tackle primary barriers to inclusion and concurrently promote their employability.

We increased 20% of employees with disabilities according to the applicable national legislation, in relation to the previous year. We will continue our efforts to ensure that 2% of the total workforce are people with ≥ 60% disability. This ambition is applicable to Portugal, Spain and Brazil.

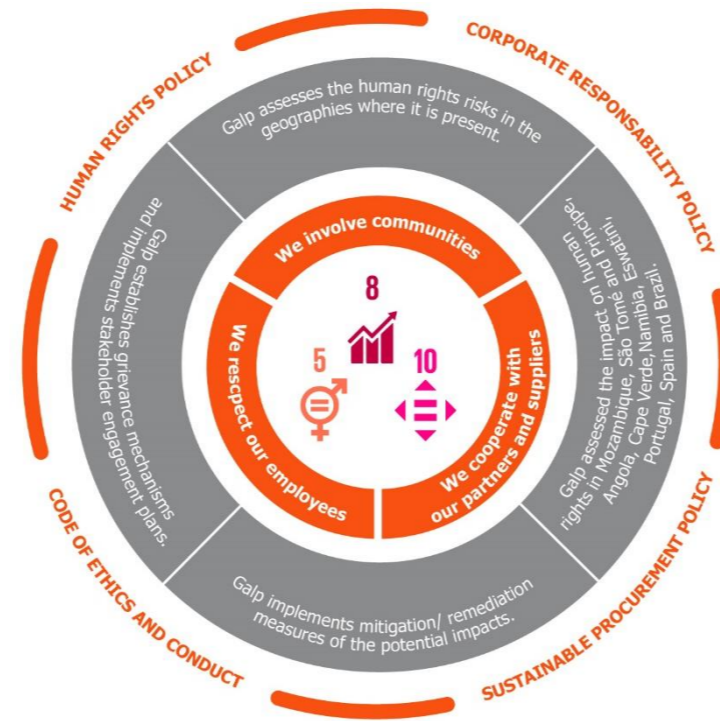
Respect Human Rights

To achieve our ambition, Galp is focused on the following drivers:

- Address findings and potential impacts
- Spread Human Rights awareness in our ecosystem

Our Human Rights Policy, (accessible [here](#)) reflects globally acknowledged standards for business and human rights, such as the relevant principles of the United Nations Global Compact (in which Galp participates), the United Nations Guiding Principles on Business and Human Rights (the “UNGPs”), the OECD Guidelines for Multinational Enterprises, as well as the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Based on its Policy, Galp is committed to encourage its suppliers, business partners and customers to respect human rights and to ensure risk-based management processes, in accordance with a value chain perspective of responsible business conduct.

We therefore implement procedures to prevent direct or indirect abuses or violations of internationally recognized human rights resulting from our operations and to ensure alignment of our business activities with the OECD Guidelines for Multinational Enterprises and the UNGPs.



Respecting human rights is also crucial to comply with the minimum safeguards criteria required by the EU Taxonomy regulation. The purpose of minimum safeguards is to ensure that entities carrying out economic activities that are considered Taxonomy-aligned are not involved in breaches of key social principles and human rights violations. Galp conducts human rights due diligence according to the above standards and is committed to protect and uphold human rights throughout all its activities in the value chain. Find out more about Galp's corporate documents and policies ([link here](#)).

Addressing findings and potential impacts

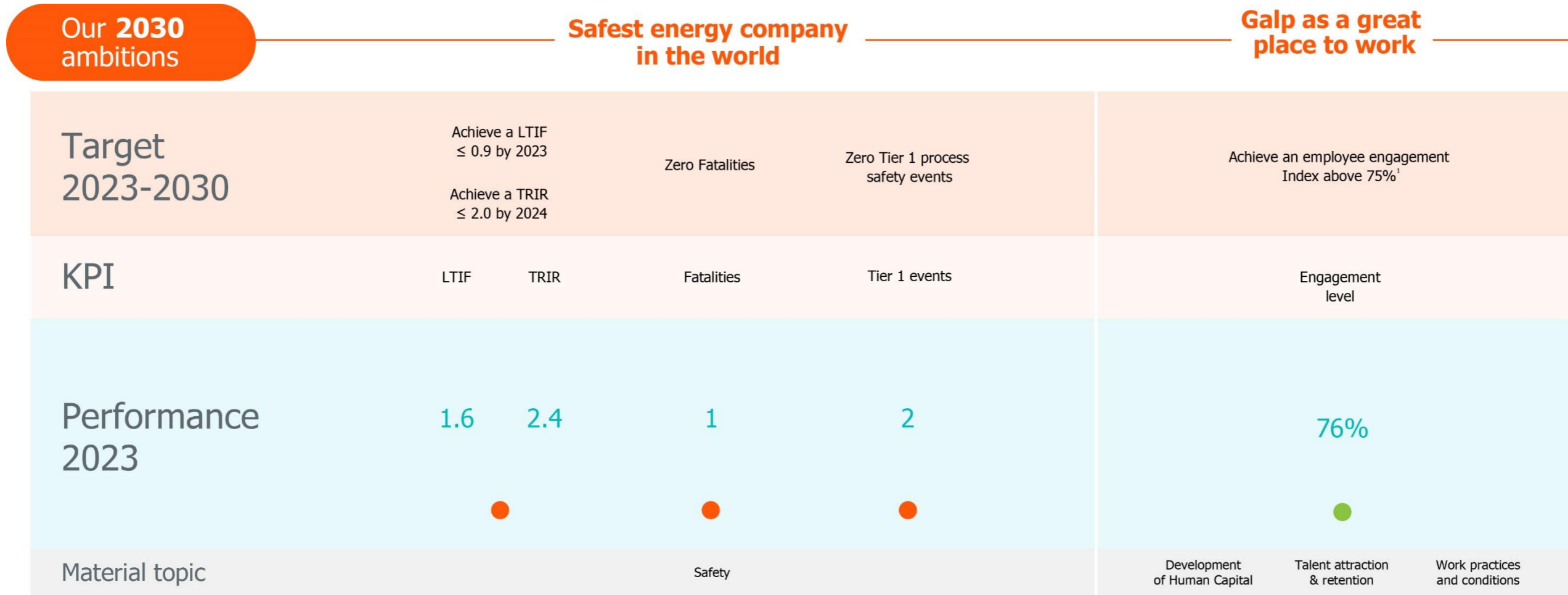
Galp evaluates potential impacts and risks associated with human rights violations. We have conducted human rights impact assessments in our operations which have resulted in the formulation of action plans. All this information is publicly available in the Human Rights Annual Status Report (available [here](#)).

Galp acknowledges the complexities of implementing human rights due diligence across its operations and value chain. It is therefore proactively taking steps to systematically identify, assess, prevent, mitigate, and be accountable for its human rights obligations in accordance with established standards. To ensure the effectiveness of its due diligence process, Galp has put together an internal team and enlisted a Human Rights Specialist for specialized guidance aligned with the objectives set out in the Sustainability Roadmap. The 2023-25 roadmap also lays out plans for conducting comprehensive human rights risk assessments across Galp's operations and value chain, followed by the development and execution of targeted remediation strategies based on the findings of the assessment.

Spread Human Rights awareness in our ecosystem

As outlined in our Human Rights Policy, Galp is dedicated to spreading awareness of human rights issues within its ecosystem, which encompasses all relevant stakeholders. In 2023, Human Rights was a topic of the Sustainability Committee's agenda, focused on the requirements of the directive proposal EU CSDDD (Corporate Sustainability Due Diligence Directive). In addition, we dedicated around 1,500 hours of training in Human Rights topics to our employees across all geographies.

4. Protect and empower our people



Our alignment with the SDGs



¹Taken by an internal survey and compared to the benchmark for Energy Industry and High performing companies

● 2023 performance according to plan ● 2023 performance below expected

Safest energy company in the world

Our ambition is to elevate health, safety, and environmental protection as core values. Following recognised international guidelines and implementing safety best practices, we ensure that safety management systems is comprehensively integrated across our operations. We aim to enhance performance by ensuring asset integrity and fostering a safety culture throughout the organisation.

To achieve our ambition, Galp focus on the following drivers:

- Guarantee no personal harm for all
- Prevent major industrial accidents
- Incorporate safety culture in our DNA

Guarantee no personal harm for all

Galp works to reduce accidents based on the firm belief that all events can be avoided. The top management team has a weekly safety performance status report, including LTIF and TRIR performance, along with relevant highlights. Galp has a structured process for assessing risks that spans the entire organisation, and mitigation measures are established when needed.

This year, we implemented several initiatives to enhance safety, including dedicated programs that address the specific challenges associated with driving.

We continued to carry out awareness activities across Galp's facilities. These include dedicated to safe driving, namely simulations of the Safe Driving Life Saving Rule – Driving Speed and using mobile phones.

Galp acknowledges the significant safety risks associated with road transport. We regret that, despite our efforts, during 2023, a fatality

occurred in Guinea-Bissau, involving a Galp tank driver and another vehicle. Immediate assistance was provided to the injured individuals. Following the incident, a thorough investigation was conducted by a multidisciplinary team to ensure an independent and robust examination. Galp also provided full support to the family of the victim.

Road Safety Program

A Road Safety Program was implemented in Commercial transporters, with the following **operational key focus areas**:

- Emergency response
- Driver competences & risk awareness
- Medical surveillance
- Vehicle maintenance
- Journey management plan
- Fatigue management

Emergency Response

We work for an effective emergency response to guarantee a proper response management for all our assets. We follow Company's standards and collaborate with the relevant stakeholders to define plans for internal emergencies at our facilities. Our strategy also involves developing plans, emergency training programs, and drills.

Safety Performance

In 2023, overall safety performance decreased compared to 2022. There was an increase in accidents resulting in sick leave and involving 18 employees and 27 service providers. This was partly due to the Sines Refinery turnaround. However, it is worth noting

the positive developments in several business departments related with the reporting, which reflect a growing safety culture.

	Employees		Service providers		Total	
	2022	2023	2022	2023	2022	2023
Fatalities	0	1	0	0	0	1
Accidents LTIs ¹	7	19	24	27	31	46
Accidents RWC & MTC ²	3	9	20	14	23	23
LTIF ³	0.6	1.6	1.8	1.6	1.2	1.6
TRIR ⁴	0.8	2.4	3.3	2.5	2.1	2.4

¹ LTIs: Lost time injuries.

² RWC & MTC: Restricted Work and Medical Treatment Cases.

³ LTIF (Lost Time Injury Frequency): all accidents with lost time (including fatalities) per million work hours. Aligned with Concawe definition.

⁴ TRIR (Total Recordable Injury Rate): all accidents (includes fatalities, accidents with sick leave and medical treatment, excludes first aid) per million work hours.

Prevent major industrial accidents

Galp ensures proactive risk management through the comprehensive analysis and prevention of activity risks. Prevention is key for us and is achieved through effective safety practices such as regular maintenance and inspections across all assets.

We offer communication and training programs to ensure that individuals involved in the operation, maintenance, and inspection, have the necessary information and knowledge of the safety process. One example is the adoption of the IOGP Process Safety Fundamentals (PSFs), a complement of the Galp Life Saving Rules. This is intended to prevent process safety events and enhance awareness, particularly for front-line workers and contractors. These principles began to be implemented in the Sines refinery and are expected to be extended to other teams in 2024.

Sines Refinery Turnaround

The Sines Refinery conducted a significant turnaround in 2023 encompassing most of its units. It required more than one year of preparation and more than 50% of the scope was related to Safety/Integrity.

The turnaround involved around 2,500 people and proceeded according to plan, was performed safe and without any significant incident.

Turnaround main goals:

- Guarantee equipment integrity and safety for the next cycle
- Assure business continuity
- Compliance with European legislation, namely the Pressure Equipment Directive (2014/68/EU)

Our process safety events rate (both tiers) has significantly improved since 2021 partly due to our focus on Asset Integrity.

Process safety event rate	2021	2022	2023
Tier 1 ¹	0.13	0.04	0.07
Tier 2 ²	0.49	0.28	0.21

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

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

Incorporate safety culture in our DNA

In 2023, Galp promoted initiatives to reinforce its safety culture, which impacted the geographies where we operate:

- **Galp Safety Leaders Way (GSLW)**

We continued to promote the leadership programme and involved three main focus groups – senior management, frontline leaders and the workforce – in order to embed a safety vision in all company employees and contractors. In 2023, we created the first “Lead Safe Work Champions”, with the first training sessions in the Industrial business unit.

- **TRIPOD Beta methodology**

We adopted the TRIPOD Beta methodology, as a tool to support our current incident investigation analysis. This new method is mainly used for complex incidents, due to its detailed nature. Training was provided to various teams to ensure the acquisition of skills and competence necessary for the effective application of this new approach throughout the organisation.

Galp Safe Energy Day

As part of our safety journey, we celebrated our Safe Energy Day on the 12th December 2023. The theme chosen for this year was the Stop Work Authority. Although this is not a new topic at Galp, its scope of use has been enhanced, clarifying that everyone, partners included, has the responsibility and authority to use this tool when faced with a situation that puts themselves, others, the public, or the environment at risk.

Our CEO, as well as other members of the Executive Committee and Leadership Team, used the day to emphasise the importance of our partners' role in this process.

Galp as a great place to work

We prioritise lifelong learning, diversity, inclusion, well-being, and human rights at Galp. Our integrated approach spans recruitment, performance management, rewards, learning, mobility, and sustainability.

To achieve our ambition, Galp is focused on the following drivers:

- Reenergise our people
- Advocate people's wellbeing as a top priority

For another consecutive year, we performed a pulse survey that was sent to all employees. The survey is designed to improve our understanding of how we are progressing on key issues that are part of our overall experience in the organisation and to identify opportunities for improvement.

The response rate was 73% and the Engagement Index reached 76%, above our 75% target, an improvement on last year. 86% of our employees feel proud to work for the company and 81% would recommend it as a good place to work. We will continue to identify high-impact areas with lower scores, and, in collaboration with the different Business Units, define action plans to address these concerns by continuously monitoring the impact of the initiative and promoting frequent communication with all employees throughout the process.

Reenergise our people

Our focus on developing new capabilities promotes agility and enhances organisational performance, supported by our five strategic pillars: Care, Cultural Change, Leadership Development, People Experience and New Ways of Working.

A significant outcome of this strategy is our internal mobility program, which is a development opportunity for our employees. In 2023, a total of 124 individuals underwent internal departmental changes, with internal candidates filling 23% of the total internal hires.

We continued to expand our employee benefits. As from 1 January 2023, we guaranteed all employees of the Galp group a minimum of 25 days of annual leave, with the corresponding compensation.

Attract and empower talent

Regarding the attraction of young talent, Galp promoted several initiatives impacting the regions where it operates:

- **Generation Galp**

The 25th edition of the program welcomed 56 trainees, in Portugal, Spain and Mozambique, of which 43% are men and 57% are women. Embracing diverse academic backgrounds, this program is aligned with our DE&I strategy. With 924 trainees hired since 1998, Galp currently has 551 employees who originated from this program, 38% of them holding leadership positions.

- **Operations Galp**

Galp introduced a trainee program focused on individuals who are passionate about the Commercial and Retail business. The first edition welcomed three interns in Portugal and Spain. Future editions in 2024 are planned to engage more young talents from new geographies and promote a more diverse gender distribution.

- **Ready.Set.Galp**

For the third consecutive year, Galp launched the "Ready.Set.Galp" internship program. This program, initiated in

2021, aims to provide interns with their first work experience at Galp while finalising their studies. This edition had five interns, 80% of whom were women and 20% men. Additionally, 26 curricular internships were recruited outside this program.

- **Galp Integration Program**

In November 2023, 13 employees, 77% women and 23% men were recruited under the Galp Integration Program, part of the "Together for Ukraine" taskforce aimed at empowering individuals by providing career opportunities in their respective fields of expertise and assisting them with rebuilding their lives to contribute to the local community.

- **Expand**

In early 2024, we launched the Expand program, which has an approach centred on each employee's learning needs and provides access to various learning resources, which can be customized to different career stages and adapted to each employee's time availability.

In addition to these internal programmes, in 2023, we also recruited and incorporated 68 professionals through internships. We are focused on reaching the goal of 24% youth employment by 2026, as set by the Portuguese "Pacto para Mais e Melhores Empregos para os Jovens" (Pact for More and Better Jobs for Young People), and therefore aim to enhance our existing programs.

Creating a recognition culture

In 2023, improvements to the performance appraisal model were implemented to address organisational feedback and reinforce cultural alignment and to enhance the overall experience by simplifying the process and achieving better model results.

We also launched the GROW (Great Recognition of Outstanding Work) programme, to promote a culture of acknowledgment and experimentation. A total of 205 employees were acknowledged with this award.

Advocate people's well-being as top priority

We focus on a global health and wellbeing strategy that includes physical and mental health. Our main pillars of purpose are:

- Promote an holistic health & well-being strategy with a global footprint;
- Consider health protection from a comprehensive perspective, taking into account all aspects of the physical, mental health and well-being of our people;
- Reinforce support in areas such as mental health or financial well-being;
- Greater preparation and involvement of leaders on well-being issues.

Protecting the health of our people

A healthy workforce is vital for a thriving and sustainable organisation as this boosts morale, job satisfaction, and overall performance. It fosters a positive work environment and helps to attract and retain top talent for long-term success and sustainability.

In 2023, our occupational medicine team continued to develop initiatives aimed at enhancing and raising awareness of health-related topics. Some of the initiatives include providing a breastfeeding room in the new Lisbon headquarters and at Sines, Matosinhos and Madrid, the dissemination of information and tools to support mental health, continuing to perform periodic medical examinations, with more than 200 health scans and around 700 flu vaccines administered.






We launched our Balance Program with several initiatives that were carried out, starting with an activation phase, followed by the definition of ambassadors, offer of physical & financial workshops, tips for leaders and tools and resources like flyers on various health & well-being related topics. In our new Lisbon headquarters, we have also created a space that promotes physical and mental well-being. From introducing height-adjustable desks in the workspace to providing access to an employee only wellness centre, every aspect of the building is designed to contribute to the comfort of its users and offer access to diverse and inclusive environments. Moreover, we have continued our engagement with employees through several Talks@Galp, touching on topics like Financial Health, Sleep, Nutrition and Oral Health, Breast Cancer Prevention and Screening and World Heart Day.

From 2024 onwards, we will continue fostering a robust health & well-being roadmap that prioritises people and helps them adapt to change, contributing positively to their long-term happiness and success.

Promoting flexible work conditions

After fully implementing the "Smart Work" – Hybrid Home Office Policy – in 2022, we continued to improve in 2023 with several initiatives such as the home office risk assessment pilot, a survey and evaluation by occupational medicine of work risks from home. This was piloted with a group of 160 employees. The "Work well, stop better" program offered specific support for a group of approximately 100 employees at high risk from demanding workloads, cognitive requirements, and work rhythms.

5. Promote a value-adding, conscious business

Our 2030 ambitions	Embed sustainability in our culture	Transparency and ethics as key principles		Sustainable supply chain driving our business	No significant cyber security breach
Target 2023-2030	Embed Sustainability roadmap in the organization	Implement an internal control framework for non-financial information (NFI) by 2024	Zero tolerance for corruption and other unethical practices	100% tier 1 suppliers evaluated in terms of ESG by 2025	Zero significant cyber security breaches
KPI	Performance evaluation linked to ESG metrics	NFI Improvement Plan	Cases reported in need of disciplinary measures (Open Talk)	Tier 1 suppliers evaluated in terms of ESG	Significant cyber security breaches
Performance 2023	Safety and Climate annual performance metrics for all employees and executive members (weighing 25%) 	Governance Model for NFI Reporting defined and start of execution 	0% 	95% 	0 
Material topic	All sustainability topics	Business Ethics		Sustainable supply chain management	Security

Our alignment with the **SDGs**



QUALITY EDUCATION



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



REDUCED INEQUALITIES



SUSTAINABLE CITIES AND COMMUNITIES



RESPONSIBLE CONSUMPTION AND PRODUCTION



PEACE, JUSTICE AND STRONG INSTITUTIONS



PARTNERSHIPS FOR THE GOALS

 2023 performance according to plan  2023 performance below expected



Embed sustainability in our culture

Shared accountability for success

Management commitment

Effective sustainable value creation requires a committed leadership, a clear strategy, and robust governance. In line with this, Galp fosters engagement of the Board of Directors through its Sustainability Committee. In 2023, this Committee covered key topics such as the sustainability roadmap, decarbonisation, climate and nature risks and opportunities, the ESG regulatory context and disclosures, ESG indices and external engagements, among others.

The ESG Corporate Forum was created in November 2023, gathering top managers from different departments to leverage strategic empowerment of the group and ensure its preparedness to address and unlock potential risks and opportunities.

Sustainability incentives

Galp's commitment to decarbonisation and leadership in the Energy Transition is reflected in its performance evaluation through ESG indicators. This is linked to variable remuneration and is applicable to all employees.

Employees

The 2023 scorecard continued to emphasise Sustainability-related metrics, namely safety and decarbonisation, which represented a total of 25% of the weight of all annual performance indicators. In addition, 35% of the employee scorecard was allocated to achieving strategic milestones including, among others, topics related to the renewable energy portfolio, cybersecurity and the engagement level of employees.

Executive Committee

The Remuneration policy for corporate bodies was reviewed, with an increase of weight allocated to sustainability-related metrics. The new scorecard includes a total weighting of 25% of annual performance indicators linked to safety and decarbonisation, consistent with those applicable to all employees. Additionally, to fully align with Galp's long-term goals and sustainability objectives, the executive directors have a specific long-term incentive in the form of Galp shares, vested after four years. The Remuneration Policy is reviewed annually and made publicly available (link [here](#)).

Objective Key Results (OKR)

The OKR methodology, implemented in Galp in 2022, provides a clear framework for aligning teams, setting ambitious goals, and measuring progress in a transparent and results-driven manner. The list of OKRs includes several sustainability related OKRs for safety, decarbonisation, renewables, cybersecurity, employee engagement, among others.

Our certifications

Our Integrated Management System includes the following components: external ISO 9001 and ISO 14001 certification, ISO 50001 at the Sines Refinery, EN 12591:2009 (CE marking) at the

Viana do Castelo Park and SEVESO in the applicable sites. In addition, our internal Health, Safety, and Security integrated system incorporates four core processes: change management, work authorization, emergency preparedness, and accident investigation. The new Lisbon headquarters has initiated the process to obtain LEED and WELL Platinum certifications, clearly indicating that it prioritises having a sustainable building that considers efficient emissions, water, and circular economy practices, as well as human health and wellbeing.

Transparency and ethics as key principles

We have zero tolerance for corruption and other unethical practices and strive to foster trust among all stakeholders by consistently acting in an ethical and transparent manner and emphasizing how these principles are imperative for Galp.

To achieve our ambition, Galp focuses on the following drivers:

- Zero tolerance for unethical practices
- Increment greater ESG disclosure, clarity, and accuracy

Zero tolerance for unethical practices

Our Code of Ethics and Conduct (link [here](#)) reflects Galp's corporate values and commitments, and outlines the fundamental ethical guidelines applicable to all stakeholders.

Embracing ethics

As part of its commitment to being a great place to work, Galp is reinforcing a culture of ethics and ensuring a secure work environment free from unethical practices, both internally and externally.

Fighting corruption and other unethical practices

Galp, strictly prohibits any engagement in corrupt practices. To strengthen these efforts, we have implemented a robust Corruption Prevention Policy and a comprehensive Prevention of Money Laundering and Financing of Terrorism Policy (link [here](#)). These policies describe our commitments and are applicable across the entire group and its workforce. Our dedication to this issue also extends to ensuring consistent adherence to the provisions of the Code of Ethics and Conduct. This commitment is in line with the highest standards, and reflects best practices as articulated in various international benchmarks, such as the United Nations 2004 Convention to Combat Corruption (UN Global Compact 10 principles).

Communicating irregularities

Galp's Open Talk serves as a secure, confidential, and optionally anonymous channel for addressing questions, concerns, or reports of violations within the scope of our Code of Ethics and Conduct. For example, possible offences to human rights such as harassment or discrimination or acts of fraud and corruption. The channel is accessible to any stakeholder within Galp's network and is overseen by the Ethics and Conduct Committee.

Reports and calls submitted via the Open Talk channel find their way to Galp through an independent third-party ethics line provider that takes charge of communicating these submissions to the Ethics and Conduct Committee, ensuring a vigilant process that safeguards individuals against any form of retaliation.

Increment greater ESG disclosure, clarity, and accuracy

Galp is dedicated to enhancing transparency in disclosing non-financial performance by adhering to globally recognised reporting standards and frameworks.

The crucial role of non-financial information (NFI)

After submitting our Non-Financial Information (NFI) control process to an independent assessment in 2022, Galp initiated implementation of an improvement plan focused on four key areas – governance model, internal control model, process and support systems. This will enhance our preparedness to comply with upcoming regulation and voluntary disclosures from 2024 onwards, namely the Corporate Sustainability Reporting Directive (EU CSRD). This project is actively sponsored by the Sustainability Committee, the elected supervisory body for NFI, and the Executive Committee, which has the duty to promote an accurate, consistent and auditable NFI reporting culture and evaluate, jointly with the Audit Board, the operational effectiveness of internal control system over NFI.

Our ESG recognitions



and reporting frameworks



EU Taxonomy

The EU Taxonomy regulation, part of the European Green Deal and Sustainable Finance framework, provides a common framework for evaluating the sustainability of economic activities. It guides investments toward endeavours that positively impact the environment and society and outlines criteria to recognize sustainable economic activities that support EU environmental goals. In 2023, the Environmental Delegated Act was adopted. This addresses the remaining four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems. This delegated act is in addition to the Climate Delegated Act on climate change mitigation and adaptation objectives, adopted in 2021.

In 2023, amendments to the Climate Delegated Act were published and adopted by the European Commission. These correct some criteria and add others for new activities. These changes extend to the Disclosures Act.

As in 2022, in 2023, Galp once again conducted an analysis of the eligibility and alignment of its business activities, considering the Delegated Acts outlined in the EU Taxonomy Regulation, and including the most recent Environmental Delegated Act.

For additional details regarding Galp's EU Taxonomy context, alignment, and performance, please refer to Part V – Appendices (1. Non-financial consolidated information).

Galp Low Carbon capital allocation

Galp strategy is to allocate a significant part of its investments directly to projects or initiatives that support energy transition, have reduced impact on carbon emissions and contribute to a more sustainable future. Galp's EU Taxonomy eligible activities have been included in this capital allocation, along with other activities that are not thus far eligible under this regulation but may contribute significantly to

mitigating climate change, such as investments in the battery value chain and industrial energy efficiency projects in the Refinery. Galp's strategic plan foresees that over 45% of the gross capital expenditures planned during 2023-2025, will be allocated to low carbon activities. The plan includes several projects already committed or at an advanced stage of development.

Sustainable supply chain driving our business

Working with our c. 3,500 suppliers and partners is key to achieve a stable, resilient and transparent supply chain and to ultimately improve the global ESG path.

To achieve our ambition, Galp is focused on the following drivers:

- ESG as primary criteria for managing all our suppliers
- Act for change, together with our suppliers

Galp is engaging with suppliers to share, act and cascade on its own supply chain to our Code of Ethics and Conduct and to the fundamental principles of the Sustainable Procurement Policy, updated in 2022 (link [here](#)):

- Respect for human rights and working conditions
- Acting with transparency and integrity
- Assume quality as a critical success factor
- Protection of the environment, people, and assets

The relationship with our business partners is built on known policies, codes and practices, aligned with the highest ethical, social, environmental, and quality standards. Besides including sustainability criteria clauses in its purchase contracts, Galp also has processes in place to assess and manage the ESG risks of the supply chain.

ESG as primary criteria for managing all our suppliers

Sustainability is embedded into every step of the procurement process. We have developed a supply chain programme (supported by Supply4Galp platform) that makes it possible to better evaluate our value chain, from registration and qualification to contracts and monitoring.

Sustainability4Supply

We are conducting a sustainable supply chain program, initially targeting strategic suppliers and involving collaboration across various teams within the Organisation. The program aims to strengthen our path towards a responsible and transparent supply chain, and is currently focused on three key priorities:

- Enhancing our understanding of Galp's supply chain ecosystem
- Updating and reinforcing ESG criteria integrated throughout the supply chain process
- Improving the ESG assessment phase within the supply chain

This program will increase the effectiveness of our process and better address current and potential ESG-related risks and opportunities in the supply chain. We also anticipate that it will spur on our suppliers to advance their ESG practices even further.

Continuous monitoring of supplier performance

Galp performs regular audits of our tier 1 suppliers. These audits take into account the relevant legislation in the country where they were carried out. If a substantial issue is detected during an audit, Galp ensures that the supplier develops and implements a corrective action plan.

Galp's target for 2023 was to conduct 60 on-site audits of suppliers. This was clearly exceeded as there were 72 on-site audits. For 2024, the target is to maintain 60 on-site audits.

We also seek to promote local development and prioritise contracts with local products and services – around 75% of our total procurement is locally-based.

Galp engaged with 3,574 suppliers of 1,109 of which were tier-1 suppliers and 523 critical¹ suppliers.

¹ Critical suppliers are suppliers that fall into at least one of these criteria: > € 250k, with HSE, cyber-security, GDPR or business continuity risks; non-replaceable suppliers, suppliers of goods or services whose failure to supply or continue operations may affect the Galp Group's activities, in areas such as legal compliance and the safety of people, assets and the environment.

Over the past three years, 96% of Tier 1 suppliers have undergone assessments to evaluate their exposure to sustainability risks, exceeding the target. This trend demonstrates a steady rise in the number of suppliers assessed since 2021.

Percentage of suppliers assessed in the last 3 years	2021	2022	2023	Target
Tier 1	88%	95%	96%	95%
Critical Non-Tier 1	90%	81%	91%	95%

Galp values suppliers who hold certifications in internationally recognized standards, as it considers them a guarantee of its commitment to consistently improve its sustainability performance. The number of certified suppliers has consistently risen since 2021. Added to this, in 2023, 10% of Galp's critical tier 1 suppliers audited were certified.

Certified suppliers	2021	2022	2023
ISO 9001	2,426	2,643	3,024
ISO 14001	1,389	1,540	1,808
OHSAS 18001/ISO 45001	1,387	1,525	1,757
Other certifications	366	497	699

Act for change, together with our suppliers

We are confident in our ability to actively challenge our suppliers to improve their sustainability practices and enhance their sustainability path.

Corporate procurement initiatives

As part of our sustainability journey, particularly in the context of the supply chain dimension, our Global Procurement & Contracts team organised several initiatives, including a Convention called "2023 Procurement Bloom" on November 29-30th. This event addressed "Trust, Innovation and Partnerships", as key success factors for coming year. Our Business Units and Corporate Center had the opportunity to exchange and align perspectives, learn from external experts, and strengthen bonds.

Relevant information and supporting materials are available on the Galp Global Procurement website, Supply4Galp (link [here](#)).

No significant cyber security breach

In the face of evolving technology and increasing cybercriminal threats, Galp has significantly prioritised cybersecurity to prevent significant breaches, strengthening resilience and embedding a strong cyber culture within its operations.

To achieve our ambition, Galp is focused on the following drivers:

- Strengthen cyber resilience in our operations
- Incorporate cyber culture in our DNA

Strengthen cyber resilience in our operations

Our dedicated Red Team has conducted assessments and an annual Cyber Crisis drill, engaging management to ensure preparedness. Substantial investments persist in fortifying Cyber Resilience across our industrial areas, adeptly countering evolving threats in the energy sector.

Galp maintains a 24/7 Cyber Security Incident Response Team (CSIRT) to coordinate incident responses and ensure resilience. We continuously improve our cybersecurity posture by identifying and monitoring lessons learned, and actively engage in threat intelligence exchange with authorities and peers. Our CSIRT team has been recognized in the European CSIRT community (TF-CSIRT) and included in the Forum of Incident Response and Security Teams (FIRST), showcasing our commitment to best practices.

Incorporate cyber culture in our DNA

In 2023, Galp also defined a new cybersecurity roadmap and began implementing several initiatives aimed at aligning Galp's Cyber Maturity with the global top quartile for all sectors, being already above the global benchmark.

Galp as a top performer on cybersecurity

As per the evaluation conducted by a Cyber Ratings company, Galp currently stands among the top 5% of companies in the Global Energy Sector concerning its cybersecurity posture, improving its ranking compared to last year.

Additionally, in 2023, several initiatives were launched to raise employee awareness of the cyber threats that have gained weight in the current macro context, as well as public alerts to customers and society in general regarding situations in which cybercriminals have tried to take advantage of Galp's reputation to carry out cyber fraud attempts. Galp continued to invest in promoting a Cybersecurity culture programme through its "CyberOn" brand. In addition to dozens of awareness-raising contents, campaigns and training – including regular phishing exercises – a new Cyber Gamification platform, "CyberOnYou", was put in place to explore other security gaps and measure the effectiveness of the awareness-raising and training content being developed through this adaptive learning approach. Also, in line with our goal of incorporating a cyber culture into our DNA, since 2023 we have had compulsory training on Cybersecurity topics.

Strengthening cybersecurity in the ecosystem together with our peers

As a member of the Portuguese Cybersecurity Alliance and a member of its Executive Committee, Galp continues to invest in promoting cooperation between companies and public entities in protecting the digital economy. The Alliance aims to act as a platform for cooperation, aggregating best practices and proactively accelerating their adoption by the market.

Galp, in collaboration with our colleagues at the WEF, contributed to the development of a guide to unlocking Cyber Resilience in industrial environments.