

**This translation of the Portuguese document was made only for the convenience of non-Portuguese speaking Shareholders. For all intents and purposes, the Portuguese version shall prevail.**

## **PROPOSAL**

**Item 5** of the agenda  
of the general meeting of  
Galp Energia, SGPS, SA, Public Company,  
on May 30 2011

### **GALP ENERGIA REMUNERATION POLICY 2011**

The Remunerations Committee of Galp Energia, SGPS, S.A. – Sociedade Aberta, in its capacity as responsible for the definition of the policy on the remuneration of the members of the corporate bodies, pursuant to the mandate that was given by the General Meeting of Shareholders in accordance with Article 8 of Articles of Association, requests that the following statement regarding item ... of the Agenda be communicated.

#### **General Principles**

The Company's Remuneration Policy is defined in accordance with Law number 28/2009 of 19 June and with CMVM Regulation 1/2010 and with the Corporate Governance Code (2010 Recommendations) and is aimed at strengthening values, skills and conduct compliant with the Company's long term interest, culture and strategy.

In line with the above mentioned recommendations and applicable laws and regulations, the Policy reflects the Company's vision for good corporate governance and, in details, is guided by the following objectives:

- to adequately remunerate, in conditions consistent with those prevailing in the market, the responsibilities assigned, the results achieved and the business knowhow of corporate companies members, in accordance with the competencies and responsibilities corresponding to their respective positions and

- to reward the increase of efficiency and productivity and the long term value creation for shareholders, through the definition and implementation of an incentive system associated with the achievement of pre-established and quantifiable economic, financial and operating targets, defined in accordance with the sustainable growth of the results, as well as with the aim to discourage excessive risk taking.

The corporate bodies' remuneration policy is also based upon the objectives of attracting and motivating the best professionals for the positions to be occupied within the company, and the stability in the exercise of the respective roles of the members of the elected corporate bodies.

In this context, the Remuneration Committee defines the objectives and approves the Company results for determining the variable component of the remuneration of the Executive Committee members.

### **Remuneration of the Board of Directors**

#### **1. Non Executive Directors:**

- a) The remuneration of the non-executive members of the Board of Directors shall consist of fixed emoluments, corresponding to a monthly salary, payable 14 times per year, of an amount to be determined by the Remunerations Committee in line with market practices.
- b) Always in line with said market practices, the remuneration of the non executive members of the Board of Directors may be differentiated in the case of the Chairman, with reference to the special responsibilities concerning the representation of the company that arise from the law, and in the case of the non-executive members of the Board of Directors who discharge special supervision and monitoring responsibilities within any special committees as may be created.

#### **2. Executive Directors and Directors carrying out executive duties within the Galp Group companies**

- a) The remuneration of the Board of Directors' Executive Committee members and of the Directors carrying out executive duties within the Galp Group companies shall have two main components, being one fixed and one variable. The fixed component shall correspond to a monthly fixed salary, payable 14 times per year, of an amount to be determined by the Remunerations Committee bearing in mind the nature of the roles and responsibilities

allocated and relevant market practices regarding equivalent positions in other largest national and international companies operating in the same sectors.

b) The variable component, eventual by nature, shall be determined by a performance assessment in connection with the achievement of pre-established and quantifiable economical, financial and operational targets and on the basis of the evolution of the market value of the Galp Energia shares in comparison with a peer group, with the aim to define a competitive remuneration package and to establish a reward system that ensures the executive directors interests being aligned with the interests of the Company and its stakeholders and consistent with the economical and financial sustainability framework.

c) The value of the variable remuneration shall be determined in a range from 0% to 60% of the annual amount of the fixed component, to be determined by the Remuneration Committee in accordance with the achievement of the specific Company's objectives defined for the previous financial year.

d) The peer group will be composed by the following companies: Neste Oil, Repsol, OMV, MOL, e BG Group, together with the PSI 20 market index;

e) The remuneration of the executive members of the Board of Directors and of the Directors with executive responsibilities within the Galp Group companies members shall be completed by good and services mainly consisting of social security benefits.

## **II- Remuneration of the Supervisory Board and Statutory Auditor**

The remuneration of the members of the Supervisory Board and of the Statutory Auditor shall consist of fixed emoluments and shall be defined bearing on mind national and international market practices and the efforts to create alignment with the interests of the Company and its stakeholders.

The remuneration of the members of the Supervisory Board shall correspond to a fixed monthly stipend, payable 14 times per year, being differentiated in the case of the Chairman in regard of the other members considering the special responsibilities he is called upon to discharge.

The remuneration of the Statutory Auditor shall be comprehensive of his activity in connection with the legal auditing and certification of the company's accounts, and shall be agreed in contract pursuant to normal market conditions.

### **III - Remuneration of the General Meeting of Shareholders members**

The remuneration of the members of the General Meeting of Shareholders shall correspond to a meeting fee, being differentiated for the Chairman, the Deputy- Chairman and the Secretary, its value being determined in accordance with the situation of the company and with market practice.

Lisbon, 24 March 2011