

Working together **trusting each other**

CORPORATE GOVERNANCE REPORT **2011**

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Galp Energia is guided by symmetry and transparency principles in the communication with stakeholders, focusing on responsibility and objectivity to promote a climate of trust in the relationships between the Company and the stakeholders that interact with it.

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0 • STATEMENT OF COMPLIANCE

0.1 Corporate governance code

Galp Energia, SGPS, S. A., (Galp Energia, the Company or the Group) follows the Corporate Governance Code 2010 of CMVM, the Portuguese securities market regulator, which is available at www.cmvm.pt. Galp Energia is not bound to any other corporate governance code.

This report, in accordance with article 2, paragraph 1 of CMVM's no. 1/2010 regulations, fully complies with the model contained in the Appendix I of the regulation.

0.2 Adoption of CMVM's recommendations

The table below lists CMVM's recommendations contained in the Corporate Governance Code approved by the CMVM in 2010. For each recommendation, and in case it is applicable to Galp Energia's structure, adoption or non-adoption is indicated,

together with some brief comments and a referral to the section of the report where a more detailed description is provided about how the recommendation has been adopted.

CMVM recommendation		Corporate governance practice	Current status	Remit
I General meeting				
I.1 General meeting board	I.1.1 The chairman of the general meeting board must be able to access suitable human and logistical resources that can meet their needs in view of the Company's economic situation.	Adopted	The current members of the general meeting board are supported in the meetings of this body by Galp Energia's legal department and investor relations department alongside an external company hired to provide logistics support to each meeting.	Chapter I, I.3
	I.1.2 The remuneration of the chairman of the general meeting board shall be disclosed in the corporate governance report.	Adopted		
I.2 Participation in the general meeting	I.2.1 The period for depositing shares prior to participation in a general meeting shall not be longer than five business days.	Adopted		Chapter I, I.4
	I.2.2 In case the general meeting is suspended, the Company shall not require the blocking of shares during the period until the meeting is resumed and shall follow the standard procedure for the first session.	Adopted		
I.3 Vote and exercise of voting rights	I.3.1 A company's articles of association shall not restrict voting by mail and when adopted and accepted, the electronic mail.	Adopted	Galp Energia ensures proportionality between vote and equity holding through the one share, one vote principle, stipulated in the Company's articles of association. Galp Energia does not have shares that do not entitle voting right or shares that provide not counting voting rights above a certain number when issued by a sole shareholder or by shareholders related to him. In the general meeting of 3 August 2011, a change to the Company's articles of association was approved, namely the amendment of the clauses that foresaw the existence of special rights for class A shares. Therefore, Galp Energia is fully complying with this recommendation.	Chapter I, I.9
	I.3.2 The articles of association may not require that ballot forms sent by mail must be received more than three business days prior to the shareholder meeting.	Adopted		
	I.3.3 The companies should assure the proportionality between voting rights and the corresponding shareholder participation, namely through its articles of association, that shall provide the assignment of one vote to each share. Companies do not fulfill proportionality if: (i) there are shares that do not entitle voting right; (ii) voting rights are not counted above a certain number when issued by a sole shareholder or by shareholders related to him.	Adopted		
1.4 Quorum and resolutions	Companies shall not set a quorum which is higher than the number provided in the law.	Not adopted	Galp Energia considers that the main goal of this recommendation is to raise the effectiveness of general meetings in companies with a large number of shareholders which tends to make it more difficult to achieve a quorum for making decisions that are important for the Company.	Chapter I, I.8

CMVM recommendation		Corporate governance practice	Current status	Remit
			Galp Energia considers that this recommendation does not take into account the narrow dispersion of the majority of the Company's shares. However, Galp Energia considers that the explanation provided, and accepted by CMVM, testifies to the non-adoption of this recommendation.	
I.5 Minutes and information about the adopted resolutions	The minutes of the general meetings shall be available to shareholders on the company's website no later than five days after the general meeting, despite the fact that these minutes are not considered as price-sensitive information according to the law. The company's website must keep a record of meeting agendas, attendance lists and resolutions of every general meeting for, at least, the last three years.		Adopted	Chapter I, I.13 and I.14
I.6 Measures related to corporate control	I.6.1 Steps taken to thwart the success of takeover bids should take account of the interests of the company and its shareholders. If the articles of association limit the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, there should be a provision that at least once every fifth year the general meeting shall vote on whether that limit should be kept – without super quorum requirements relative to the one provided by law – and that the vote should count all votes without that restriction being applied.		Not adopted	Chapter I, I.19
	I.6.2 No defense measures should be adopted whose effect is to automatically cause a serious erosion of the assets of the company in case of change of control or change in the composition of the management body, in a way that will impair the free transferability of shares and the free appraisal by shareholders of the performance of board members.		Adopted	Chapter I, I.20
II Management and supervisory bodies				
II.1 General items	II.1.1 Structure and role	II.1.1.1 The management body shall in its corporate governance report appraise the adopted model and identify possible constraints to its workings and propose measures that, according to its best judgment, are suited to remedy them.	Adopted	Chapter II, section I, II.20
		II.1.1.2 Companies must set up internal control systems designed to effectively detect risks to the Company's operations by safeguarding their assets to the benefit of corporate governance transparency. These systems must integrate, at least, the following components: (i) definition of the company's strategic goals regarding risk-taking decisions; (ii) identification of the main risks related to operations and events that may originate risks; (iii) analysis and measurement of the impact and likelihood of each potential risk; (iv) risk management with a view to align risks with the company's strategic option regarding risk-taking; (v) control mechanisms of risk management procedures and their effectiveness; (vi) adoption of internal mechanisms of information and communication of the components of the system and risk alerts; (vii) regular assessment of the implemented system and adoption of needed modifications.	Not adopted	Chapter II, section I, II.5
		II.1.1.3 The management bodies shall establish the creation and workings of systems of internal regulation and risk management and supervisory bodies have the remit of assessing these systems and proposing the adjustment to the company's needs.	Adopted	Chapter II, section I, II.6

CMVM recommendation	Corporate governance practice	Current status	Remit
	II.1.1.4 In the annual corporate governance report, the companies' shall:	Adopted	Chapter II, section II, II.9
	(i) identify the main economic, financial and legal risks the company is exposed to;		
	(ii) describe the performance and effectiveness of the risk management system.		
	II.1.1.5 The management and supervisory bodies shall establish internal regulations and shall have these disclosed on the company's website.	Adopted	Chapter II, section I, II.7
II.1.2 Incompatibilities and independence	II.1.2.1 The board of directors shall include a number of non-executive members that ensure the effective supervision and assessment of the executive members' activity.	Adopted	Chapter II, section II, II.14
	II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of directors.	Not adopted	Galp Energia's board of directors has two independent non-executive directors. Considering its shareholder structure, with a 25% free float, Galp Energia deems it has a suitable number of independent directors. However, in line with CMVM understanding, the Company considers the recommendation not-adopted.
	II.1.2.3 The independency assessment of its non-executive members carried out by the board of directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other governing bodies, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another governing body and by force of applicable rules, may not be an independent executive member.	Adopted	Chapter II, section II, II.15
II.1.3 Eligibility and appointment	II.1.3.1 According to the model that is applicable, the chairman of the supervisory board, the chairman of the audit committee or the chairman of the finance committee shall be independent and have the adequate skills for the exercise of their role.	Adopted	Chapter II, section II, II.21 and II.22
	II.1.3.2 The selection process of candidates to the role of non-executive director shall be devised in a fashion that prevents interference from executive directors.	Adopted	Chapter II section II, II.16
II.1.4 Whistleblowing policy	II.1.4.1 The company shall adopt a policy whereby irregularities within the Company are reported. Such reports shall include the following information:	Adopted	Chapter II, section II, II.35
	(i) which means should be used to report such irregularities internally, including the people entitled to receive the reports;		
	(ii) how the report is to be handled, including confidentiality, in case the reporter so requests.		
	II.1.4.2 The general guidelines for this policy should be disclosed in the corporate governance report.	Adopted	Chapter II, section II, II.35
II.1.5 Remuneration	II.1.5.1 The remuneration of the members of the management body shall be structured to align their interests with those of the shareholders, be based on performance evaluation and be discouraging of excessive risk-taking. In this context, remuneration must be structured as follows:	Not adopted	This matter is a responsibility of the remuneration committee, which on it has not yet taken any decision. Galp Energia considers this recommendation not to be adopted as there is no evaluation system implemented in the Company reflecting the long-term performance of Galp Energia's board of directors. However, there is a policy designed to align the interests of directors with those of the Company, namely:
	(i) the remuneration of directors with executive responsibilities should be based on performance and a performance evaluation should be carried out periodically by the relevant body or committee with predetermined criteria, which deems the real growth of the company and value created for shareholders, its long-term sustainability and risks undertaken as well as the fulfillment of the rules applied to the company's operations;		(i) the remuneration of the directors who have executive responsibilities includes a variable component, which depends on the assessment of the Company's short and medium-term performance made by the remuneration committee;
	(ii) the variable component shall be consistent with the fixed component and there shall be maximum limits for both components;		(ii) the variable component of the remuneration, as decided by the remuneration committee accordingly to the policy about this matter in accordance with best practices, is globally reasonable when compared with the fixed component, with a limit of 60% of fixed remuneration;
	(iii) a significant part of the variable remuneration shall be deferred for a period longer than three years and its payment shall be dependent on the sustainability of the company's positive performance during that period;		

CMVM recommendation	Corporate governance practice	Current status	Remit
<p>(iv) the members of the board of directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company;</p> <p>(v) the executive directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares;</p> <p>(vi) when the variable remuneration includes stock options, the period for exercising it shall be deferred for a period of not less than three years;</p> <p>(vii) the appropriate legal instruments shall be established so that in the event of a director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the director's inadequate performance;</p> <p>(viii) the remuneration of non-executive directors shall not include any component the value of which is subject to the performance or the value of the company.</p>		<p>(iii) directors follow the principle according to which they shall not enter into contracts with the Company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company;</p> <p>(iv) Galp Energia currently has no share-based remuneration scheme;</p> <p>(v) Galp Energia currently has no stock option-based remuneration scheme;</p> <p>(vi) Galp Energia has no compensation rules for the dismissal of directors' without due cause;</p> <p>(vii) the remuneration of Galp Energia's non-executive directors consists exclusively of a fixed amount, except for the cases of three directors who have executive responsibilities in other Galp Energia companies.</p>	
<p>II.1.5.2 A statement on the remuneration policy referred to in II.1.7.4 of CMVM's Corporate Governance Code shall contain, in addition to the content stated in paragraphs a) and e), adequate information on:</p> <p>(i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration;</p> <p>(ii) the payments for the dismissal or termination by agreement of the directors' duties.</p>	Not adopted	<p>Although the statement on the remuneration policy of management and supervisory bodies referred to in II.1.7.4 of CMVM's Corporate Governance Code and submitted to the general meeting of 30 May 2011 contains the information required in a) and e), it did not include information on the companies whose remuneration policy and practices were taken as a benchmark to set remuneration, which is the responsibility of the remuneration committee.</p>	Chapter II, section II, II.30
<p>II.1.5.3 The statement on the remuneration policy referred to in II.1.7.4. of CMVM's Corporate Governance Code also covers the remuneration of bodies whose remuneration includes a significant variable component as laid down in article 248-B, paragraph 3, of the Securities Code. The statement must be detailed and the presented policy must take into account the company's long-term performance, the fulfillment of standards applicable to the company's activity and risk-taking contention.</p>	Not adopted	<p>Although Galp Energia submitted to the general meeting of 30 May 2011 a statement on the remuneration policy for the management and supervisory bodies and other senior managers as laid down in article 248-B, paragraph 3, of the Securities Code, Galp Energia has not formally implemented a policy on the remuneration policy for management bodies reflecting long-term performance, the fulfillment of standards applicable to the Company's activity and risk-taking.</p>	Chapter II, section III, II.29
<p>II.1.5.4 A proposal shall be submitted for approval to the general meeting regarding the plans for share grants and / or stock options applicable to members of the management and supervisory bodies and other senior managers as laid down in article 248-B, paragraph 3, of the Securities Code. The proposal shall contain all elements necessary for a correct evaluation of the plan. The proposal shall be accompanied by the regulation of the plan or, in case it has not been drafted yet, by the general conditions applicable to it.</p> <p>Likewise, the general meeting shall approve the main features of the retirement benefit systems applicable to members of the management and supervisory bodies and other senior managers as laid down in article 248-B, paragraph 3, of the Securities Code.</p>	Not adopted	<p>Galp Energia currently has no share grant or stock option plans for its directors or employees.</p> <p>However, the general meeting did not approve the main features of the retirement benefit systems already applicable to the members of the management and supervisory bodies and other senior managers as laid down in article 248-B, paragraph 3, of the Securities Code.</p>	-
<p>II.1.5.5 At least one representative of the remuneration committee shall be present in the annual general meeting of shareholders.</p>	Adopted		Chapter I, I.15
<p>II.1.5.6 The remuneration from other group companies and pension rights acquired during the term shall be disclosed in the annual corporate governance report on an individual and aggregate basis.</p>	Adopted	<p>Galp Energia's directors do not receive any remuneration from other group companies and are not entitled to any retirement rights.</p>	-

CMVM recommendation	Corporate governance practice	Current status	Remit
II.2 Board of directors	II.2.1 Within the limits defined by law for each management and supervisory structure and unless the company is small-sized, the board of directors shall delegate the day-to-day management of the company. The delegated roles shall be identified in the corporate governance report.	Adopted	Chapter II, section I, II.3
	II.2.2 The board of directors must ensure that the company acts according to its goals and must not delegate its duties regarding: (i) the formulation of the company's strategy and general policies; (ii) the definition of the group's corporate structure; (iii) any decisions that should be deemed strategic due to their amount, risk or special nature.	Adopted	Chapter II, section I, II.3
	II.2.3 In case the chairman of the board of directors has executive responsibilities, the board of directors shall create efficient coordination mechanisms of the non-executive directors' work, which ensure these may decide in an independent and informed manner. These mechanisms shall be explained to the shareholders in the corporate governance report.	Not applicable	The chairman of Galp Energia's board of directors does not have executive responsibilities.
	II.2.4 The annual management report shall include a description of non-executive directors' activities, and mention any constraints they may have encountered.	Adopted	The corporate governance chapter of the management report includes a description of the activities of non-executive directors.
	II.2.5 The company shall explain its policy on role rotation, namely of the chief financial officer role, and report it in the annual corporate governance report.	Not applicable	Galp Energia does not have a policy on role rotation in the board of directors. Therefore, this recommendation is not applicable.
			-
II.3 Chief executive officer, executive committee and board of directors	II.3.1 When prompted by other governing body members, executive directors shall, in a timely and adequate manner, make available any information requested.	Adopted	-
	II.3.2 The chairman of the executive committee shall send to the chair of the board of directors and the supervisory board or the audit committee, if applicable, the notices of call and the minutes of the meetings of the executive committee.	Adopted	Chapter II, section II, II.13
	II.3.3 The chairman of the executive board of directors shall send the notices of call and the minutes of the meetings to the chairman of the management and supervisory board and the chairman of the finance committee.	Not applicable	Galp Energia's governance model does not include a management and supervisory board.
II.4 Management and supervisory board, financial matters committee, audit committee and supervisory board	II.4.1 Besides carrying out its supervisory duties, the management and supervisory board shall advise, follow up and continually evaluate the management of the company by the executive board of directors. In addition to other subject matters, the management and supervisory board shall decide on: (i) the formulation of the strategy and general policies of the company; (ii) the corporate structure of the group; and (iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Not applicable	Galp Energia's governance model does not include a management and supervisory board.
	II.4.2 The annual reports on the activity carried out by the management and supervisory board, the financial matters committee, the audit committee and the supervisory board must be disclosed on the company's website, along with financial statements.	Adopted	Chapter III, III.15
	II.4.3 The annual reports on the activity carried out by the management and supervisory board, the financial matters committee, the audit committee and the supervisory board must include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Adopted	Chapter II, section III, II.4
	II.4.4 The management and supervisory board, the audit committee and the supervisory board, depending on the applicable model, shall represent the company for all purposes at the external auditor, and shall propose the service provider, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	Adopted	Chapter II, section III, II.24

CMVM recommendation	Corporate governance practice	Current status	Remit
	II.4.5 The management and supervisory board, the audit committee and the supervisory board, as the case may be, shall evaluate the external auditor on an annual basis and propose his dismissal to the general meeting whenever warranted.	Adopted	Chapter II, section III, II.24
	II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the audit committee, the general and supervisory board or in the case of companies adopting the Latin model, an independent director or supervisory board, regardless of the hierarchical relationship that these services have with the executive management of the company.	Adopted	Galp Energia's internal audit services functionally report to the chairman of the board of directors, who is independent, and to the supervisory board, whose members comply with the independence requirements under article 414, paragraph 5, of the Companies Code and the incompatibilities laid down in article 414-A of the Companies Code.
II.5 Specialist committees	II.5.1 Unless the company is small-sized, the board of directors and the supervisory board, as the case may be, shall set up the committees deemed: (i) to ensure a reliable and independent assessment of the executive directors' and its own overall performance as well as the performance of all existing committees; (ii) to ponder over the adopted governance system, check its effectiveness and propose to the relevant bodies any measures towards its improvement; and (iii) to identify potential candidates with the high profile required to be a director.	Not adopted	-
	II.5.2 The members of the remuneration committee or equivalent shall be independent from the directors and include at least one member with knowledge and know-how in remuneration policy.	Adopted	Chapter II, section V, II.38 and II.39
	II.5.3 Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the board of directors, to the board of directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services to any structure subject to the board of directors, to the board of directors of the company or that has to do with the current consultant to the company.	Adopted	Chapter II, section V, II.39
	II.5.4 All committees shall draw up minutes from their meetings.	Adopted	Chapter II, section V, II.37
III Information and auditing			
III.1 General disclosure duties	III.1.1 Companies should ensure a permanent contact with the market and respect the principle of equality between shareholders and preventing any asymmetry in the access to information. To this end, the company shall keep an investor desk.	Adopted	Chapter III, III.16
	III.1.2 The following information posted on the company's website shall be available in English: a) the object of the company, its public company status, its head office as well as other data mentioned in article 171 of the Companies Code; b) the articles of association; c) the identity of the members of the governing bodies and the representative for market relations; d) investor desk, its role and means of access; e) financial statements; f) half-yearly schedule of company events; g) proposals for discussion and voting by the general meeting; h) notices of call by the general meeting.	Adopted	Chapter III, III.16
	III.1.3 Companies shall promote the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the supervisory body to formally consider the conditions of auditor independence and the benefits and costs of replacement.	Adopted	Chapter III, III.18

CMVM recommendation	Corporate governance practice	Current status	Remit
III.1.4 The external auditor shall, within its powers, verify the implementation of remuneration policies and systems, the effectiveness and functioning of internal control mechanisms and report any shortcomings to the company's supervisory body.	Adopted	Galp Energia's external auditor checks, when auditing accounts, the specific implementation of compensation policies or schemes, and evaluates the internal control mechanisms for the Galp Energia group companies' major functional cycles affecting financial reporting but they do not issue any specific report on the subject. The scope and depth of this evaluation is coordinated with other tests for auditing financial statements.	-
III.1.5 The company shall not appoint the external auditor nor any entities with which the same takes part or incorporates the same network for services other than audit services. Where hiring such services – which must be approved by the supervisory body and explained in the corporate governance report – is necessary, their services shall not be greater than 30% of the overall amount of services provided to the company.	Adopted	In 2011, Galp Energia appointed to the external auditor services other than audit and reliability check which accounted for 4% of the overall amount of services provided to the Company. This appointment was made before appointing the Company's external auditor. Therefore, the approval by the supervisory body was not required.	Chapter III, III.17
IV Conflicts of interest			
IV.1 Company transactions with shareholders	IV.1.1 Where deals are concluded between the company and major shareholders, or entities with which they are linked in accordance with article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Adopted	Chapter III, III.12
	IV.1.2 Where deals of significant importance are undertaken with major shareholders, or entities with which they are linked in accordance with article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the supervisory body. The supervisory board shall define all the necessary criteria and procedures to determine the level of relevance of these deals and the way it should intervene.	Adopted	Chapter III, III.13

0.3 Global assessment of the adoption of the recommendations from CMVM

Galp Energia considers its corporate governance model to be in line with the market's best governance practices, particularly those recommendations contained in the Corporate Governance Code approved by CMVM in 2010, which Galp Energia mostly adopted.

Galp Energia considers that the matters mentioned in recommendations II.1.5.1, II.1.5.2 and II.1.5.4 are the responsibility of the remuneration committee, which has not made any resolution until now. Galp Energia considers that does not have to present a specific explanation about this fact.

0.4 Differences from corporate governance practices

The explanation of the CMVM recommendations that are not fulfilled or that the Company deems not applicable, reasoning and other relevant comments, as well as reference to the part

of the report where the description may be found, are in the previous table.



I • GENERAL MEETING

I.1 Members of the general meeting board

The current members of the general meeting board are:

Chairman: Daniel Proença de Carvalho

Vice-chairman: Victor Manuel Pereira Dias

Secretary: Pedro Antunes de Almeida

I.2 Start and end of the term

The members of the general meeting board were elected in the general meeting of 30 May 2011 for a three-year term ending on 31 December 2013.

I.3 Remuneration

The remuneration of the members of the general meeting board is set by the remuneration committee as attendance fees. In 2011, the remuneration committee awarded the

members of the general meeting board the amount of 7,200 euros, 4,500 euros of which to the chairman, 1,500 euros to the vice-chairman and 1,200 euros to the secretary.

I.4 Participation in the general meeting

The Company followed the provisions of the new legislation, which does not provide for the blocking of shares for the participation in the general meeting, although the articles of association set out the regime of the previous legislation.

Indeed, the following people have the right to participate, discuss and vote in Galp Energia's general meeting:

- a) the shareholders that until 00:00 GMT of the date of registration, which corresponds to the fifth trading day prior to the day of the general meeting, hold shares that give right to at least one vote;
- b) the shareholders that until 11:59 pm GMT of the day prior to the registration date have stated, by means of written, to the chairman of the general meeting board and to the financial intermediary where the individual registration account is open the intention of participating in the meeting. To that effect, the shareholders may use the forms sent by email or available at Galp Energia's website;
- c) the respective financial intermediary that, informed by their client's intention of participating in the general meeting, under paragraph b, has sent to the chairman of the general meeting board, until 11:59 pm GMT of the registration

date, information about the number of shares registered on behalf of their client, with reference to 00:00 pm GMT of the registration date. To that effect, email may be used.

The exercise of the rights is not affected by the transmission of shares following 00:00 GMT of the registration date and does not depend on the blocking between that date and the date of the general meeting. However, shareholders who have stated the intention of participating in the general meeting that pass the ownership of shares between 00:00 GMT of the registration date and the closing of the general meeting shall immediately inform the chairman of the general meeting board and the Portuguese securities market regulator. Email may be used to inform the chairman of the general meeting board.

Shareholders who professionally hold shares registered under their name but on the behalf of clients may vote differently with their shares, provided that, in addition to the documents referred in paragraphs b) and c) above, they send to the chairman of the general meeting board, until 11:59 pm GMT of the registration date, with sufficient and proportional proof means, (i) the identification of each client and the number of shares to be voted on his behalf, and (ii) voting instructions, which are specific to each item of the agenda, provided by each client.

I.5 Suspension of the general meeting

Since blocking shares is not required to participate in the general meeting, the same rules apply in case of suspension of the general meeting.

I.6 Voting right

Each Galp Energia share is entitled to one vote.

I.7 Restrictions to voting right

Galp Energia does not have shares that do not give voting right or shares stating that voting rights are not counted above

a certain number, when issued by a sole shareholder or by shareholders related to them.

I.8 Rules of the articles of association on the exercise of the voting right

Galp Energia's articles of association set out rules on the exercise of the voting right, including on quorum for assembly and decision purposes.

Article 12, paragraph 2, provides that, after a first call, the general meeting convenes only when a minimum of 51% of the share capital is present or represented.

Regarding the quorum for decision purposes of the general meeting, Galp Energia's articles of association provide that decisions are taken by a majority of votes cast, after abstentions have been discarded, except in cases when the law or articles of association required a supermajority.

Under article 12, paragraph 5, of the Company's articles of association, resolutions by the general meeting on the matters listed below are considered to have been approved only when they have been endorsed by a supermajority of two-thirds of the votes:

- approval of new strategic guidelines;
- allocation of net profit for the year or distribution of assets to shareholders;

- issuance of securities which is not within the powers of the board of directors;
- proposals of strategic partnerships submitted by the board of directors for approval by the Company's general meeting;
- approval of the Company's separate or consolidated accounts for the year; and
- break-up, merger or liquidation of the Company.

According to the Company's articles of association, the provisions of article 386, paragraph 4, of the Companies Code do not apply to Galp Energia's general meeting sessions. This means that, in a second call, the general meeting's resolutions on matters relating to changes in the articles of association, the merger, break-up, transformation or liquidation of the Company of any other matters for which the law requires a supermajority – may not, regardless of the presence of representation of shareholders owning at least half of the Company's share capital, be taken by a simple majority of the votes cast and require instead a supermajority of two-thirds of votes cast.

I.9 Procedures for voting by post

Galp Energia allows with no restrictions voting by post, under article 10, paragraphs 8, 9, 10 and 11 of the articles of association.

To this end, shareholders are expected to send a letter for the attention of the chairman of the general meeting board, by registered mail with acknowledgment of receipt, to the Company's head office, accompanied by a ballot signed like their identity card and a photocopy of their identity card, in the case of a physical person. If the shareholder is a juridical

person, the ballot shall be signed by the shareholder's legal representative, whose signature shall be certified in that capacity. Letters containing the ballots shall be opened by the chairman of the general meeting board at the outset of the proceedings and after the existence of a quorum has been checked. The outcome of the voting by post in respect of each item on the agenda will be announced after the item has been discussed. The votes sent by post shall be counted as disapproving with regard to those proposals that have been presented for discussion after the votes have been cast.

I.10 Model for voting by post

Galp Energia provides the model of the ballot for voting by post in the website created for the general meeting and mentioned in the notice of meeting. The ballot may also be request

through the email address mentioned in the notice of meeting of each general meeting.

I.11 Deadline for receipt of the ballot for voting by post

Under article 10, paragraph 8, of the Company's articles of association, the ballot for voting by post shall be received until the day prior to the general meeting.

I.12 Electronic voting

Galp Energia's articles of association do not provide for electronic voting.

I.13 Minutes of the general meeting

Five days after the general meeting, shareholders may access the minutes of the general meetings on the Company's website.

In this website are available all the minutes of the general meeting.

I.14 Archive of decisions taken by the general meeting

Galp Energia's website has an archive which contains the decisions taken by the Company's general meetings, the respective quorum and voting results of the last three years.

I.15 Representative of the remuneration committee in the general meeting

Américo Amorim participated in the Company's general meeting of 30 May 2011, in representation of

Amorim Energia, B. V. (Amorim Energia), member of the remuneration committee.

I.16 Intervention of the general meeting regarding the remuneration policy

In the general meeting of 30 May 2011, a statement presented by the Company's remuneration committee regarding the remuneration policy of Galp Energia's governing bodies, as well as another statement presented by the board of directors

related to the remuneration of senior managers, was submitted to shareholders. These statements set out the principles and characteristics of those policies, which are further explained in II.29 and II.30 of this report.



General meeting of 30 May 2011

A statement on the remuneration policy of management and supervisory bodies drafted by the remuneration committee is submitted to the Company's general meeting since 2009.

The assessment of the performance of the members of the management body is made by the remuneration committee.

I.17 Intervention of the general meeting regarding share and / or stock option plans

Currently, Galp Energia has no share grant or stock option plans for the members of the management and supervisory bodies

or other managers, under article 248-B, paragraph 3, of the Securities Code.

I.18 Intervention of the general meeting in the approval of the retirement benefit systems

The Company's general meeting has no intervention in the approval of the main features of the retirement benefit systems applicable to members of the management bodies, whose

approval is the responsibility of the remuneration committee elected by the general meeting.

I.19 Statutory rule of limitation of the number of votes

Galp Energia's articles of association do not provide for the limitation of the number of votes liable for custody or exercise

by a sole shareholder individually or in a concerted manner with other shareholders.

I.20 Defensive measures

Galp Energia has no defensive measures in force designed to automatically cause severe erosion of the Company's assets in

case of a change of control or a change in the composition of the board of directors.

I.21 Change of control of the Company

Galp Energia is not a party to any significant agreement that enters into force, is altered or terminated in the case of a change of control.

I.22 Agreement with board members or senior managers

Galp Energia is not a party to any agreement with any of its board members or senior managers, according to article 248-B, paragraph 3, of the Securities Code, providing for any

indemnities for the resignation, unfair dismissal or termination of the working relationship in the wake of a change of control.



II • MANAGEMENT AND SUPERVISORY BODIES

- I GENERAL ITEMS
- II BOARD OF DIRECTORS
- III SUPERVISORY BOARD
- IV REMUNERATION
- V SPECIALIST COMMITTEES

SECTION I – GENERAL ITEMS

II.1 Identification and composition of governing bodies

Board of directors

The current members of the board of directors were elected for the 2008-2010 term, remaining in office, according to law, until the appointment of the next board of directors.

Chairman: Francisco Luís Murteira Nabó

Vice-chairman: Manuel Ferreira De Oliveira

Members: Manuel Domingos Vicente
 Fernando Gomes
 José Marques Gonçalves
 André Palmeiro Ribeiro
 Carlos Nuno Gomes da Silva
 Rui Paulo da Costa Cunha e Silva Gonçalves
 João Pedro de Figueiredo Brito
 Claudio De Marco
 Paolo Grossi
 Fabrizio Dassogno
 Giuseppe Ricci
 Joaquim José Borges Gouveia
 Luigi Spelli
 Maria Rita Galli
 Luca Bertelli

Executive committee

Chief executive officer: Manuel Ferreira De Oliveira

Members: Claudio De Marco
 Fernando Manuel dos Santos Gomes
 André Freire de Almeida Palmeiro Ribeiro
 Carlos Nuno Gomes da Silva
 Fabrizio Dassogno

Supervisory board

The Company's supervisory board and the firm of statutory auditors were elected in the general meeting of 30 May 2011 for the 2011-2013 term.

Chairman: Daniel Bessa Fernandes Coelho

Members: Gracinda Augusta Figueiras Raposo
 Manuel Nunes Agria

Deputy: Amável Alberto Freixo Calhau

Statutory auditor

Standing member: P. Matos Silva, Garcia Jr., P. Caiado & Associados, SROC, represented by Pedro João Reis de Matos Silva

Deputy: António Campos Pires Caiado

II.2 Specialist committees for management and supervisory matters

Remuneration committee

In accordance with the articles of association, the remuneration of the members of the governing bodies is set by a remuneration committee composed of representatives of three shareholders, elected by the general meeting for a three-year term ending on 31 December of the third year.

The current members of the remuneration committee, who were appointed by the general meeting of 30 May 2011 for the 2011-2013 term, are the following:

Chairman – CGD (Caixa Geral de Depósitos)

Member – Eni, S. p. A. (Eni)

Member – Amorim Energia

Executive committee

The board of directors elected for the 2008-2010 term appointed an executive committee composed by six members identified above.

The executive committee is responsible for the day-to-day management of Galp Energia's business in accordance with the strategic guidelines set by the board of directors.

Under the powers delegated by the board of directors according to the Company's articles of association, the executive committee conducts the performance of the business units and corporate services, supervises these units, promotes synergies between the units, allocates critical resources, manages human resources, formulates the brand strategy and supervises the attainment of the goals set, establishing policies across the Company.

Risk management committee

The remit of the risk management committee is to propose and monitor the implementation of Galp Energia's risk management policy, which is described in detail in this chapter.

The risk management committee is composed of two members of the executive committee, the managers of the corporate finance department and the integrated risk management department and representatives of the business units of oil and natural gas supply, and directly reports to the executive committee, thereby supporting it in every decision related to risk management.



Galp Energia executive committee

Pricing committee for liquid fuels

The remit of the pricing committee is to define the pricing strategy and policy for liquid and gas fuels (liquefied petroleum gas – LPG) in Portugal, as well as to review, decide and implement sales prices.

This committee is composed of the executive director in charge of the Marketing Oil business unit and the managers of specific businesses included in this unit.

Quality board

In order to align strategy with the functional management of quality matters in Galp Energia group, a quality board was created in December 2008. The remit of the board is to promote a culture of positive quality based on a solid leadership and committed to achieving a strategic vision of quality.

The quality board is composed of the chairman of the executive committee, who also is its chair, the executive director in charge of quality, the manager responsible for the corporate service of environment, quality and safety, the manager of corporate quality, as secretary, and first-line department managers appointed by the executive director in charge of quality.

Committee for verification of compliance with the code of ethics

The code of ethics, which was approved in July 2009, aims to provide guidance on the personal and professional conduct of all Galp Energia employees and regulate relationships between colleagues, shareholders, clients, suppliers and representatives of the communities with which the Galp Energia group interacts.

After the code of ethics came into force, the committee for verification of compliance with the code of ethics was created. This committee, which is composed of three senior managers appointed by the executive committee, aims to guarantee the interpretation and implementation of the code, as well as the clarification of doubts and omissions.

Committee for monitoring the anticorruption policy

As a leading company in the oil sector that fully respects the law and its best international practices, Galp Energia is aware of its corporate responsibility and based the exercise of their activity in principles of fairness, correctness, honesty, transparency and integrity. In April 2011, the current anticorruption policy, in which they are qualified and considered corrupt practices in all their active and passive forms, including the attempt of its practice, even if unsuccessful, either through acts and omissions or the creation and maintenance of irregular situations or favours.

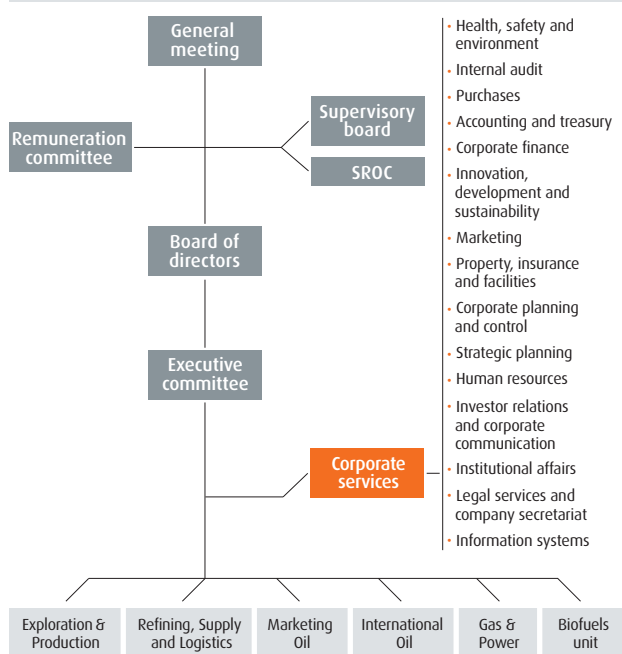
Galp Energia decided, therefore, to take on the commitment of promoting full respect for the provisions of its code of ethics, approved on 13 May 2009, and the standards of general and specific law applicable to anticorruption practices, as laid down in articles 335, 368, 372 to 374-B and 375 to 377, all articles of the Criminal Code, by Law 20/2008, of 21 April (general regime of corruption in international trade and in the private sector), by Law 36/94, of 29 September (measures against corruption and economic and financial crimes), and also contained in several regulations and provisions of the articles of association, deeming such standards directly applicable to Galp Energia, to Group companies, to governing bodies, to employees, to clients and suppliers, as a management priority and crucial pillar in the reinforcement of Galp Energia's values and principles.

For the implementation and execution of the policy, the following instrumental regulatory rules were also approved: representation expenses with other people and management of relationships with public administration.

After the approval of Galp Energia's anticorruption policy, the committee for monitoring the anticorruption policy and its instrumental rules were created to guarantee the implementation and supervision of the anticorruption policy, as well as the interpretation and clarification of doubts and omissions. This committee is composed of three senior managers appointed by the executive committee.

II.3 Allocation of roles between governing bodies

Galp Energia's governance structure



The guiding principles of the organisational set-up are horizontality, flexibility, simplicity and efficiency, and its goal is to create shareholder value, namely by the capture of synergies within business units and between them.

The corporate services unit consists of 15 departments whose management is assigned to the executive directors. This unit was set up for the purpose of providing services to the business units in such varied matters as accounting, legal advice and human resources management. This set-up has resulted in the achievement of important synergies and the creation of an interface between the Company and its stakeholders.

Executive committee's delegated powers

The board meeting of 6 May 2008 delegated the day-to-day management of the Company to the executive committee, whereby the following powers were specifically assigned.

- To manage the corporate business and take all actions required for the Company's core business operations (exploration and production, refining, transportation and marketing of oil and derivatives, activities in the gas industry, production and marketing of electric power) that do not lie within the board of directors' exclusive decision-making or otherwise exceed the powers hereby assigned.
- To represent the Company in or out of court, with the powers to abandon, relent or confess in any legal proceedings as well as agree to any arbitral awards.
- To buy, sell or, in any form, dispose of or encumber any rights, namely those relating to equity holdings and property (except for strategic investments or divestments by the Company or any companies it may control, a matter that lies within the exclusive decision-making preserve of the board of directors) but always within the scope of Company's main activities and provided the involved sums do not exceed the following limits:
 - 50 million euros, for items included in the plans and budgets approved by the board of directors and still in force, except for strategic investments and related funding that fall within the decision-making preserve of the board of directors;
 - the lesser between 20% of the sums in the annual budget or business plan for the item in question and 10% of the annual budget, in the case of non-strategic transactions not included in the annual budget or business plan.
- To authorise associates to execute investments within their management powers, as defined by the board of directors.
- To develop the Company's technical and administrative structure as well as its internal standards, namely on staff

Galp Energia's understanding on corporate governance translates into transparent and consistent relationships with both investors and the capital markets, namely by the adoption of a governance model that safeguards the interests and rights of all shareholders.

The current governance model consists of a management and supervisory structure, which is composed of a board of directors and a supervisory board that delegates certain powers to an executive committee.

The selection of this governance model resulted in the appointment of a statutory auditor who is not a member of the supervisory board.

This governance model aims for transparency and effectiveness and is focused on the clear separation of powers between governing bodies, namely those of the board of directors, which include supervision, control, strategy and relations between shareholders and governing bodies, and those of the executive committee, whose operating nature arises from the delegation of powers by the board of directors regarding the day-to-day management of business units and corporate services.

The Company's current organisational set-up is based on five business units, a corporate services unit under the leadership and guidance of one or more executive directors in accordance with the role allocation scheme approved by the board of directors, and a development project unit.

and their remuneration, on the basis of the resolutions of the board of directors which have set the basic organisational and management structure of the Company and the Group.

- To enlarge or reduce the scope of the Company's or the Group's operations in accordance with the plans and strategies previously approved by the board of directors and subject to the powers defined by article 18 of the articles of association.
- To change the Company's set-up, open or close branches, delegations or other forms of representation, domestically or abroad, provided these articles do not involve any alterations of the articles of association or the break-up, merger and liquidation of associates or otherwise do not include matters that, according to the Company's articles of association, are part of the exclusive preserve of the board of directors.
- To issue binding instructions to the management of associates, respecting the board of directors' resolutions concerning their management autonomy, namely in respect of:
 - the matters within Galp Energia's exclusive decision-making;
 - the limits of commitments and spending, whether or not they are contained in approved plans and budgets;
 - the rules and procedures regarding matters that should be standardised within the Group;
 - the procedures that should govern intra-Group transactions.
- To establish or terminate a major and lasting cooperation with strategic partners selected by the board of directors using its exclusive decision-making powers or other companies, in accordance with the plans and strategies previously approved by the board of directors.
- To appoint Galp Energia's representatives to the general meetings of juridical people where Galp Energia has an equity stake or otherwise is a partner and give them the necessary instructions, except for the presentation and voting, in the general meetings of companies directly controlled by the Company, of proposals for the composition or reshuffle of their governing bodies, alteration of the articles of association and dividend distribution, which are matters that lie within the exclusive decision-making preserve of the board of directors, as laid down in the Company's articles of association.
- To appoint attorneys with the powers deemed appropriate and within the limits set by the articles of association and the relevant resolution of the board of directors.

List of matters that are not delegable

The matters detailed below are part of the remit of the board of directors, which may not be delegated, in accordance with the Company's articles of association.

- a) Approval of strategic investments and related fundings.
- b) Approval of annual budgets and business plans and of any amendments whose effect will be an increase of 20% in a particular item or 10% in the annual budget.
- c) Participation in business ventures outside Galp Energia's core activities⁽¹⁾, namely through the acquisition of equity stakes in companies whose activities lie outside Galp Energia's core activities.
- d) Selection of strategic partners for Galp Energia's core activities.
- e) Approval and change of Galp Energia's or its business segments' strategic plan and guidelines.
- f) Set-up of the basic management and organisational structure, including the delegation of powers by the board of directors to the executive committee or a chief executive officer and the assignment of roles to executive directors.

Assignment of roles between the members of the executive committee

In the meeting of the board of directors where the executive committee was elected and the delegation of powers was approved, responsibilities were attributed to the members of the executive committee and roles were assigned.

⁽¹⁾ Core activities are exploration and production, refining, transportation, distribution and marketing of oil and derivative products, natural gas activities and the production and marketing of electric power.

Allocation of roles

	Manuel Ferreira De Oliveira CEO	Claudio De Marco EXECUTIVE DIRECTOR (CFO)	Fernando Gomes EXECUTIVE DIRECTOR	André Ribeiro EXECUTIVE DIRECTOR	Carlos Gomes da Silva EXECUTIVE DIRECTOR	Fabrizio Dassogno EXECUTIVE DIRECTOR
Business units			Exploration & Production International Oil	Refining, Supply and Logistics	Marketing Oil	Gas & Power
Development units			Biofuels development unit			
Corporate services	Strategic planning Innovation, development and sustainability Investor relations ⁽¹⁾ and corporate communication Human resources strategy Engineering and projects cabinet ⁽²⁾ Galp Energia España + integration project	Legal services and company secretariat Accounting and treasury Corporate finance Information systems Corporate planning and control Investor relations ⁽¹⁾ Internal audit (coordination) Property, insurance and facilities	Institutional affairs	Health, safety and environment	Purchases Marketing Human resources	

(1) Shared responsibility.

(2) Includes refineries conversion project.

II.4 Annual report of the supervisory board

The reports and opinions on the activity undertaken by the supervisory board, which are disclosed alongside financial

statements in Galp Energia's website, include a description of supervisory activity.

II.5 Risk management and control system

System of internal control

The system of internal control is a set of policies and procedures adopted in order to ensure the fulfillment with reasonable safety of the Galp Energia group's objectives in the following subjects: orderly and efficiency conduction of its businesses; safeguard of its assets; prevention and detection of fraud and errors; fulfillment of laws and regulations; guarantee of strictness and completeness of financial reporting.

Galp Energia's system of internal control is based on the guidance of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) regarding the main features of Galp Energia's internal control approach: environment control, risk assessment, monitoring, and information and communication.

Environment control

Environment control is the starting point and the basis for other components of risk control. The control environment comprises

the overall attitude, ethical awareness and the initiatives of the executive committee, being an example for employees and other stakeholders of the Group.

The implementation of a code of ethics to guide personal and professional conduct of all employees contributes to achieving the mission, vision and values of the Galp Energia group. This document is available on the Group's website.

Galp Energia's internal control environment also comprises the internal standards and procedures for delegating powers of authority, which ensure adequate scrutiny of several management decisions, according to their nature and materiality.

Risk assessment

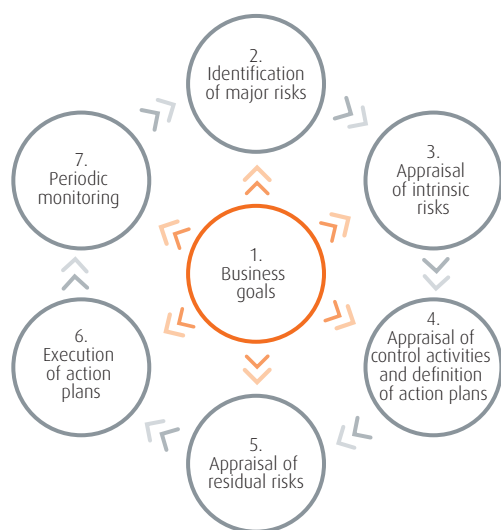
Galp Energia has been promoting the systematization of the assessment of risks and the internal control systems at the level of business units. These analyses are aimed at risks identified and managed by business units.

Since inherent risks and the effectiveness of internal controls are a function of endogenous and exogenous variables, this process is not static. Thus, risk reassessments must be regularly conducted to the Group's main businesses to guarantee the alignment of the business units' response to risks with the risk profile decided by the executive committee.

Generally, assessments of risk analysis and internal control start by identifying and classifying the main risks facing the achievement of the objectives of the business units, as well as the control systems in place to mitigate them. Under the assessment of the effectiveness of the portfolio of implemented control systems, residual risks are measured and the existence of possible deviations from the risk appetite set for the unit is checked.

Finally, business units announce their residual risk committing to a response plan designed to mitigate, transfer, avoid or accept residual risk. This process is in accordance with the method illustrated by the following chart, which shows the sequence and dependencies of the several activities:

Methodology for risk assessment of Galp Energia group



Monitoring

Operational audits, compliance audits, financial audit and revisions to information systems are conducted in order to test the effectiveness of implemented internal control mechanisms. Annually, an audit plan is set up based on the outcome of the assessment of the residual risk of several processes and business units, which is approved by the chairman of the board of directors.

Audit projects, as well as risk assessment projects, are sent to the chairman of the board of directors and all members of the executive committee. A summary of half-year activity of the corporate department of internal audit is sent to the chairman of the board of directors, the executive committee and the supervisory board. In 2011, 60 projects of audit and risk

assessment were conducted in business units, services units and Galp Energia group companies.

Information and communication

This report includes a brief description of some of the main risks affecting businesses, results and the Group's financial situation.

The process of disclosing Galp Energia's financial information is monitored by the management and supervisory bodies as well as the business units and corporate services. The investor relations and corporate communications department prepares the documents for presentation of financial information to the capital markets based on information provided by the business units, accounting and treasury and the corporate planning and control departments. Prior to their disclosure, these documents are sent to the management and supervisory bodies. In this manner, all documents containing financial information are approved by these two bodies prior to their disclosure.

Risk management

Galp Energia has defined policies and processes to monitor, measure and manage its risk exposures. The purpose of the Company's risk management policy is to support business segments in achieving their goals while monitoring the potential impact of risks on their results.

The risk management committee defines both the implementation and execution of the risk management policy and submits it to the executive committee for approval. Results are assessed by the business units.

The business unit manages and mitigates commodity price risk by monitoring its net global commodity position and by balancing its purchase and supply obligations. In particular, Galp Energia manages the pricing period in order to achieve, at the end of each month, the average dated Brent crude price of such month, regardless of the actual days of pricing.

To this end, the Company purchases and sells futures in crude oil on a day-to-day basis at the Intercontinental Exchange (ICE), based on the difference between the spot price and each month's average dated Brent price. Purchases and sales are made throughout the month based on market prices without affecting physical purchases.

To hedge against relative price movements between exported products and the crude or oil products purchased, Galp Energia partly hedges its export margin on a monthly basis. These hedges are contracted through swaps and futures transactions.

In the natural gas business, due to price liberalisation, Galp Energia uses the over-the-counter (OTC) market to offer its customers the price structures that they demand, thereby not changing its final risk position.

Interest rate exposure, currency risks and other financial risks are managed across the Company. Galp Energia's total interest rate position, including financial investments and debt, is monitored by its responsible for the business units. Interest



Firefighting team at the refinery in Sines

rate exposure is mainly related to interest-bearing debt in the balance sheet and interest rate derivatives.

The objective of interest rate risk management is to reduce the volatility of interest expense in the income statement. Galp Energia's interest rate risk management policy aims to reduce exposure to floating rates by fixing the interest rate of part of the debt (including the part of debt considered short-term debt), using plain-vanilla derivative instruments such as swaps.

Galp Energia manages liquidity risk by maintaining adequate available credit lines to face liquidity needs in any moment, regardless of market conditions.

Credit risk is managed at the business unit level taking into account the definitions set out by the executive committee on credit risk limits and the initiatives to be undertaken to minimise or eliminate risk.

II.6 Responsibility of management and supervisory bodies in the Company's internal control and risk management systems

The executive committee is responsible for the implementation in the Galp Energia group of a mechanism for identifying and assessing internal and external risks that may affect the Group's performance and is supported by various internal entities, namely the internal audit department.

Assessments of risk analysis and internal control adopted by business units as well as the control systems in place to mitigate them are reported to the chairman of the board of directors and to all the members of the executive committee. This way, adequate communication to those governing bodies regarding the risk level taken on by the managers of the business units is guaranteed.

The supervisory board is responsible for supervising the effectiveness of the risk management system, internal control

and internal audit, as well as annually assessing the workings of systems and internal procedures, thereby strengthening the internal control environment. The recommendations of the supervisory board are submitted to the executive committee.

The supervisory board is responsible for supervising the Company's adoption of principles and policies of identification and management for the main financial and operational risks related to Galp Energia's operations, as well as following the measures aimed at monitoring, controlling and disclosing risks. In order to issue the legal certification of accounts and the audit report on Galp Energia's separate and consolidated financial statements, the statutory auditor and external auditors assess the internal control mechanisms of the main functional cycles of Group companies with effects on financial reporting. However, there is no specific report on this subject.

II.7 Regulations on the workings of governing bodies

Galp Energia's board of directors shall work in accordance with the regulation it approved on 31 May 2006, under articles 16 of the Company's articles of association. This regulation was updated in the board meetings of 11 November 2009 and 27 October 2011. The remit of the supervisory board, along with its rights and duties, are set out in their regulation, approved on 29 October 2009.

Both regulations are available at Galp Energia's website.

Galp Energia has no rules about incompatibilities, either internally or related to the maximum number of positions which the members of the board of directors may accumulate. However, board members are bound by stringent rules of conduct in order to make sure that no conflicts of interest arise in the exercise of their duties.

In order to avert possible conflicts of interest, the general meeting of 6 May 2008 authorised the scope for directors to engage in activities competing with Galp Energia's own

activities and approved the rules of access to sensitive information. The main features of these rules are the following.

- Any director engaging in competing activities is barred from access to any kind of information relating to the activities of the Company in the geographical market where the competing company operates against it.
- Any director engaging in competing activities may not participate, in particular, in any decision-making process at Galp Energia where:
 - the competing company is in direct competition with Galp Energia, for instance, in tenders or concessions, either public or private, competitive bids, offers to acquire or exchange shares or take equity stakes;
 - Galp Energia's capital expenditure or marketing strategy (including pricing and cost structures) for the competing company's geographical market is discussed.
- The ban on the director's participation in decision-making processes also covers the participation in any meeting at Galp Energia, including board meetings and executive committee meetings, where any decision is discussed about the process which the director is barred from participating in or where information is assessed which is required for that process; in these instances, the director may not be represented by another director.
- Whenever information is discussed or assessed which is related to matters deemed to be sensitive because they are linked to Galp Energia's activities in the competing company's geographical market, the chairman of the board of directors or the chairman of the executive committee, as the case may be, shall classify those matters as sensitive, whenever possible in good time in advance and preferably at the time the notice of call is sent out.

SECTION II – BOARD OF DIRECTORS

II.8 Chairman of the board of directors

The chairman of Galp Energia's board of directors does not have executive duties. Therefore, this paragraph is not applicable.

II.9 Main economic, financial and legal risks

Galp Energia is subject to several types of risks, namely market risks, operational risks, compliance risks and risks related to liquidity and credit. All these risks may hamper the Company's strategy, businesses, performance or earnings, which may have an adverse effect on shareholder remuneration through lower dividends and change in the Galp Energia stock.

Actions being taken by the board of directors to mitigate some of these risks are identified when justified. In addition to those listed below, other risks may adversely affect Galp Energia's operations or financial condition.

Market risks

Galp Energia operations are subject to several types of market risk, namely fluctuations in the prices of raw materials and products, as well as movements in exchange rates.

Fluctuating prices for raw materials and products

Prices of oil, natural gas, liquefied natural gas and oil products are affected by supply and demand that are in turn influenced by operational issues, natural disasters, weather conditions, political instability or conflicts, economic conditions or actions taken by major oil-exporting countries.

Although operating costs tend to align with increases and

decreases in the price of raw materials and products in the long term, there is no guarantee that this will happen in the short term.

A decline in the price of crude oil or natural gas without a decrease in operating costs may have a material adverse effect by reducing the economic recoverability of discovered reserves. Lower crude oil or natural gas prices may also impair the economic viability of projects that are planned or in development.

A rise in crude oil and natural gas prices may also adversely affect the Company as it would increase the significant portion of expenses relating to the purchase of crude oil and natural gas. Although the prices that Galp Energia charges to its customers reflect the market prices, prices may not be adjusted immediately or fully account for increased market prices, in particular prices in the regulated natural gas market. Significant pricing level changes during the period between the purchase of crude oil and other feedstock and the sale of refined petroleum products could therefore have a material effect on Galp Energia's results.

Movements in exchange rates

Trading prices of crude oil, natural gas and most refined petroleum products, and thereby a significant portion of

Galp Energia's costs and revenues are denominated in or tied to the US dollar. Since Galp Energia's financial statements are prepared in euros, a depreciation of the US dollar against the euro can have an adverse effect on reported earnings, as it decreases the value of the revenues generated in US dollars or tied to the US dollar.

Movements in the euro against the dollar can have a negative impact on inventories of crude oil and oil products or loans denominated in dollar.

Operational risks

Galp Energia is exposed to operational risks that have a negative impact, among others, on project execution, development of reserves and third parties dependency.

Project delivery

Galp Energia's execution of its strategic plan, its results and financial position are to a significant extent dependent upon the successful completion of projects within budget on time and according to specifications. The delivery of these projects is subject to health, safety and environment risks as well as technical, commercial, legal, economic and contractor hazards. Projects may prove unsuccessful for many reasons, from cost overruns to legal or technological issues.

Reserves and resources discovery, estimation and development

Galp Energia's future oil and gas production is dependent on the success in acquiring, finding and developing new reserves that replace depleted reserves on a consistent and cost-effective basis.

Competition for exploration and development rights and for access to oil and natural gas resources is intense. In addition, it is not sure whether exploration and development operations will succeed or that, if they succeed, discoveries will be sufficient to replace existing reserves and cover operating costs.

If unsuccessful, Galp Energia will not meet its long-term production targets and total proved reserves will decline, which will have a negative effect on the future results of its operations or its financial situation.

The estimation of crude oil and natural gas reserves has several uncertainties, since it is based on the geological, technical and economic information available. The estimation process comprises informed judgments and reserve estimates are, therefore, subject to review.

Following the identification of exploration or new venture opportunities, certain activities are performed before an investment decision or "sanction" is made by management. These activities include marketing conditions, feasibility studies, and concept selection and definition.

Main regulatory risks during the pre-sanction phase are failure to negotiate appropriate agreements, where required, with host governments, lack of appreciation of the regulatory framework in the host country and failure to obtain from the

relevant local authorities the relevant permits, licences or approvals to carry out or operate certain works.

Reliance on third parties

Galp Energia is dependent, for a substantial portion of its operations, on continued access to oil, natural gas and other raw materials and supplies at appropriate prices. In particular, Galp Energia is to a large extent dependent on sourcing from Sonatrach in Algeria and from Nigeria LNG for liquefied natural gas.

Access to the Company's existing sources of crude oil, natural gas and other raw materials might be interrupted as a result of, among other things, political events with structural effects on the sector, limited pipeline capacity or other problems in transporting oil or natural gas from its current sources that may increase sourcing costs and have a negative effect on the Company.

Health, safety and the environment

Given the range and complexity of Galp Energia's operations, namely in the exploration and production of ultra-deep water, risks are widespread. These risks include major process and facilities safety incidents, failure to comply with approved policies, effects of natural disasters and pandemics, social unrest, civil war and terrorism, exposure to general operational hazards, health and personal safety, and crime.

An incident of this kind may cause injury or loss of life, environmental damage or the destruction of premises; depending on its cause or severity, it may affect Galp Energia's reputation, operational performance or financial position. The emission of greenhouse gases and related climate change are real risks for the Company and the community at large. If Galp Energia does not find solutions to mitigate the emission of CO₂ from both new and existing projects, regulation and community criticism may lead to both delays in projects and additional costs, which may in turn affect Galp Energia's operational performance and financial position.

Human resources

Galp Energia's successful delivery of its business strategy depends on the skills and efforts of its employees and management teams. In the oil and gas industry, competition is intense for experienced and qualified managers and employees. Future success will depend to a large extent on the Company's ability to attract, retain, motivate and organise its highly skilled and qualified personnel.

Compliance risks

This area includes risks of changes in taxes and tariffs applied to Galp Energia, risks of changes in policies and regulations in the countries where Galp Energia operates and risks relating to corporate responsibility.

Taxes and tariffs

A Galp Energia operates in several countries around the world and any of these countries can modify its tax laws in ways that could adversely affect the Company. Galp Energia is subject, among other levies, to corporate taxes, energy taxes,

petroleum revenue taxes, customs surtaxes and excise duties, each of which may affect revenues and earnings.

In addition, Galp Energia is exposed to changes in tax regimes relating to royalties and taxes imposed on crude oil and gas production. Significant changes in the tax regimes of countries in which the Company operates could have a material adverse effect on Galp Energia's results of operations or financial condition.

Political and regulatory context

Galp Energia's exploration and production activities are located in countries outside of Europe which have developing economies or political or regulatory environments that have at times in the past been unstable.

Galp Energia also sources natural gas from Algeria and Nigeria for its natural gas business and sells its petroleum products in several African countries. As a result, a portion of the Company's revenues is and will increasingly be derived from, or dependent on, countries with economic and political risks, including expropriation and nationalisation of property and increases in taxes and royalties.

Galp Energia believes that it adheres to international norms in all countries in which it operates. However, any irregularities that may be discovered or alleged could have a material adverse effect on Galp Energia's ability to conduct business or on the value of its shares.

Climate change

Galp Energia is subject to the effects of government policies to curb climate change. These initiatives may affect the conditions in which the Company conducts its business, namely in Exploration & Production, and Refining.

Although the Company also participates in the development of renewable energy, the adoption of policies to promote the use of this type of energy may affect the demand for hydrocarbon-based energy, where the bulk of the Company's operations is. In addition, the cost of producing this type of energy may be significantly affected by constraining licences for CO₂ emission.

Likewise, access to reserves of oil and natural gas to capture strategic growth opportunities may be restricted following initiatives to protect the integrity of natural habitats. In this regard, Galp Energia monitors closely the development of government policies for environmental protection and adjusts its strategy to developments in the field.

Stakeholder engagement

A number of stakeholders, including employees, investors, media, governments, civil society groups, non-governmental organisations and those living in local communities affected by Galp Energia's operations, have legitimate interests in the Company's business.

The Company's reputation or share price could suffer due to inappropriate or inadequate engagement with stakeholders,

including, for example: delivery of inconsistent messaging to key stakeholders on business objectives and strategy; failure to provide adequate explanations if performance targets are not met or if performance is perceived as poor against competitors'.

Corporate responsibility

Galp Energia's failure to implement its business principles or any potential investigations that may damage Galp Energia could impact the Company's reputation or share price.

In this context, they are a special risk: failure to manage eventual environmental impacts, failure to articulate adequate answers to stakeholder expectations, absence of effective internal controls and weak implementation of anticorruption policies.

Financial risks

Financial risks include, among other hazards, changes in interest rates, liquidity shortfalls, credit risk, pension plan risk and insurance risk.

Changes in interest rates

Despite the possibility of access to the market for instruments designed to hedge interest rate risk, Galp Energia's funding costs may be affected by volatile market rates, which may influence its results negatively.

Access to credit

Since borrowings have to be refinanced as they mature, Galp Energia is exposed to the risk that credit lines may not be available to refinance maturing loans or meet cash requirements.

Default by counterparty

Galp Energia's credit risk arises from the potential failure of a counterparty meeting its contractual payment obligations and, thus, the amount of risk depends on the creditworthiness of the counterparty. This risk comprises the possibility of one of Galp Energia's counterparties defaulting payment obligations in respect of financial contracts or hedging instruments but also covers the contractual relationship with its clients.

Funding of retirement plans

Galp Energia has defined-benefit retirement plans for part of its permanent staff that provide, on the basis of past service and final salary, for the payment of a supplement to the pension paid by the social security system.

The most critical risks associated with recording these payment obligations are related to the return on assets invested under the retirement plan and the discount rate used to calculate the present value of future payments.

Retirement-plan obligations may put pressure on financial flows, particularly if pension funds are not duly funded. In this instance, Galp Energia may be requested to make new contributions to the funds, which may negatively affect its cash-flow, results or financial position.

Insurance cover

Galp Energia maintains insurance in line with industry best practices for the risks inherent in its business. The risks insured include, among other hazards, damage to property and equipment, industry liability, maritime transport liability of crude oil and other goods, pollution and contamination, third-party liability of directors and staff and work accidents.

Nevertheless, some major risks inherent to Galp Energia's activities cannot reasonably be insured for a commercially appropriate sum. Therefore, under extreme conditions, Galp Energia may incur substantial losses following events that are not covered by insurance.

II.10 Remit of the board of directors

The board of directors makes decisions on matters considered to be of great importance, such as strategy formulation, corporate and organisational set-up, business portfolio, capture of synergies between departments, approval of capital expenditure items entailing high risk or cost, the determination of value-creating goals for each activity and control of the execution of critical activities.

The main roles of the chairman of the board of directors are to represent the Company, to lead the proceedings of the board meetings and to supervise relations with shareholders.

The board resolutions are generally taken by a simple majority of votes cast, except for certain matters stated in the Company's articles of association, where a two-thirds supermajority is required. These are namely:

- a) the approval of strategic investments and related funding;
- b) the approval of annual budgets and business plans and of any amendments whose effect will be an increase of 20% in a particular item or 10% in the annual budget;
- c) the approval of transactions with parties related to shareholders for any amount in excess of 20 million euros;
- d) the appointment of senior managers to Galp Energia or any company it controls;
- e) the issuance of bonds or other securities within the powers of the board of directors;
- f) changes to the articles of association of companies controlled by Galp Energia;
- g) approval of strategic divestments by Galp Energia or any other company it may control;

- h) participation in business ventures outside Galp Energia's core activities (core activities are exploration and production, refining, transportation, distribution and marketing of oil and derivative products, natural gas activities and the production and marketing of electric power), namely through the acquisition of equity stakes in companies whose activities lie outside Galp Energia's core activities;
- i) selection of strategic partners for Galp Energia's core activities;
- j) approval and change of Galp Energia's or its business segments' strategic plan and guidelines;
- l) set-up of the basic management and organisational structure, including the delegation of powers by the board of directors to the executive committee or a chief executive officer and the assignment of roles to executive director;
- m) boundaries of management powers for the companies controlled by Galp Energia;
- n) break-up, merger or liquidation of any company controlled by Galp Energia;
- o) signing of peer or subordinate group agreements by any company controlled by Galp Energia;
- p) distribution of dividends by any company controlled by Galp Energia.

According to the Company's articles of association, the board of directors may not take decisions about the issuance of new shares as provided in article 456 of the Companies Code.

II.11 Policy of remit rotation in the board of directors and appointment and replacement rules

Galp Energia does not have a policy of remit rotation in the board of directors.

The members of the board of directors are elected by the

general meeting or appointed by the board itself, subject in the latter case to ratification by the general meeting. Their term lasts for three renewable calendar years, with the appointment year counting as a full year. The members of the

board of directors take office upon their election and stay in office until their successors are elected. The chairman of the board of director is elected by the general meeting.

Regarding the replacement of directors when they have been found to be permanently absent, as provided in article 393, paragraph 1, of the Companies Code, the articles of association stipulate that a director is considered to be permanently absent when, without an explanation which has been accepted by the board of directors, they are absent from three consecutive or five non-consecutive board meetings.

In accordance with the Company's articles of association, the supervisory board is composed of three standing members and a deputy member who are elected by the general meeting of shareholders, which also elects the chairman of the supervisory board and a statutory auditor or firm of statutory auditors and its deputy.

The regulation of the supervisory board sets out that the deputy members shall replace any effective member of the supervisory board that is temporarily restricted to exercise the mandate, or that has ended functions, remaining in the position until the first general meeting where the vacancy is filled.

The regulation of the supervisory board also sets out that if the chairman of the supervisory board ends functions



Boards meeting

before the end of the term for which he was appointed, the remaining members shall appoint, among them, one of them to be the chairman until the end of the term.

The election of the members of the supervisory board is made every three years alongside the election of the members of the remaining governing bodies.

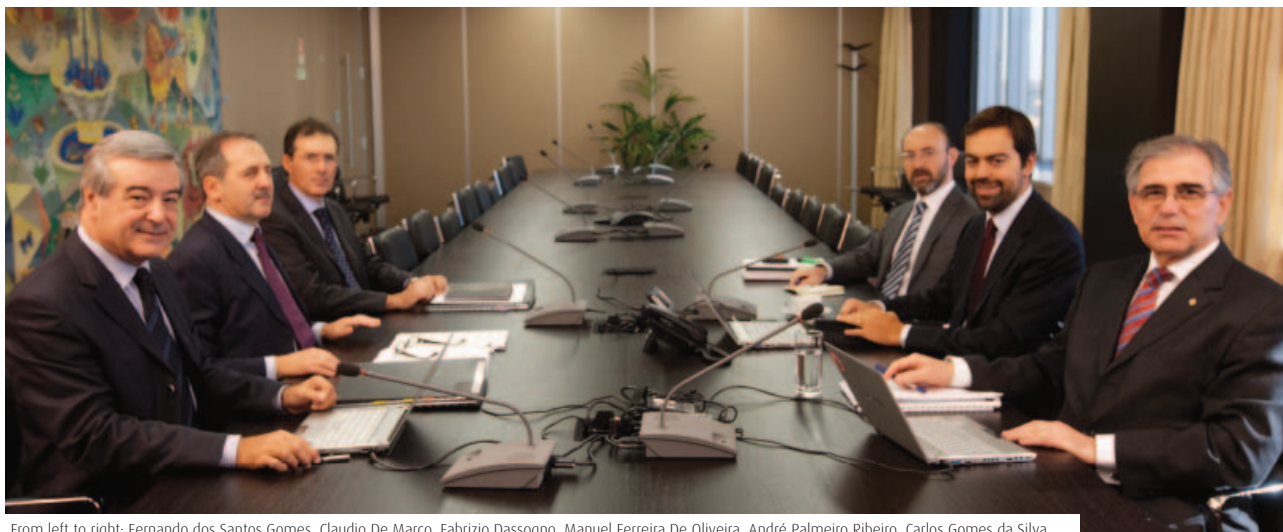
II.12 Number of meetings of the management and supervisory bodies

In 2011, the board of directors convened 15 times, of which 4 had electronic voting. Minutes of all meetings were drawn up.

In 2011, the supervisory board convened 14 times. Minutes for the sessions were drafted.

Main decisions made by the board of directors in 2011

Date	Decision
10 February	Approval of the results of the fourth quarter of 2010.
	Approval of the proposal for amendment of the articles of association to be presented to the general shareholder meeting.
	Approval of the annual report 2010.
25 February	Approval of the corporate governance report 2010.
	Approval of the transformation of Petrogal Brasil, Lda., into a public limited company.
	Approval of the renewal of the 2-year commercial paper programme in the amount of 200 million euros.
	Approval of the renewal of the 1-year commercial paper programme in the amount of 20 million euros.
2 April	Approval of the 2-year commercial paper programme in the amount of 250 million euros.
	Approval of the results of the first quarter of 2011.
28 April	Approval of the change to Galp Energia España's objects.
	Approval of the anticorruption policy.
21 June	Approval of the facility agreement to be signed by Petrogal – Sucursal em Espanha, for three years, up to 220 million euros.
	Approval of a 3-year bond issue for an amount of up to 185 million euros.
28 July	Approval of the accounts for the first half of 2011.
	Approval of assumptions for the budget and plan 2012-2016.
27 October	Approval of the results of the third quarter of 2011.
	Approval of the change to the board of directors' regulation.
9 November	Approval of capital increase of Petrogal Brasil, S. A., and Galp Brazil Services, B. V., with the entry of a new shareholder.
5 December	Approval of the 6-month commercial paper programme for the amount of 150 million euros.
16 December	Approval of the budget for 2012 and the 2012-2016 business plan.



From left to right: Fernando dos Santos Gomes, Claudio De Marco, Fabrizio Dassogno, Manuel Ferreira De Oliveira, André Palmeiro Ribeiro, Carlos Gomes da Silva

II.13 Number of meetings of the executive committee

In 2011, the executive committee convened 45 times. Respective minutes were drafted, which were submitted to the chairman of the board of directors as with the notices of call.

II.14 Executive and non-executive members of the board of directors

Members of the board of directors

Name	Position
Francisco Luís Murteira Nabo	Non-executive
Manuel Ferreira De Oliveira	Executive
Manuel Domingos Vicente	Non-executive
Fernando Gomes	Executive
José Marques Gonçalves	Non-executive
André Palmeiro Ribeiro	Executive
Carlos Nuno Gomes da Silva	Executive
Rui Paulo da Costa Cunha e Silva Gonçalves	Non-executive
João Pedro de Figueiredo Brito	Non-executive
Claudio De Marco	Executive
Paolo Grossi	Non-executive
Fabrizio Dassogno	Executive
Giuseppe Ricci	Non-executive
Joaquim José Borges Gouveia	Non-executive
Luigi Spelli	Non-executive
Maria Rita Galli	Non-executive
Luca Bertelli	Non-executive

Of the 17 members of the board of directors, 11 are non-executive directors (although 3 have executive roles in companies held by Galp Energia) with the remit of following and continuously assessment the Company's management by executive members.

All non-executive directors meet, if applicable, the incompatibility rules laid down in article 414-A, paragraph 1, of the Companies Code. The exception is the incompatibility rule if it was applicable, laid down in paragraph 1 c) in the case of directors João Pedro Leitão Pinheiro Figueiredo Brito, José Marques Gonçalves and Luigi Spelli who, although not part of the executive committee, have executive roles in companies held by Galp Energia.

Director José António Marques Gonçalves is a member of the board of Petróleos de Portugal - Petrogal, S. A. (Petrogal), in his capacity of head of this company's engineering and project unit.

Likewise, director João Pedro de Figueiredo Brito is a member of Petrolgal's board of directors and has been assigned the responsibility for managing the marketing of oil products from Galp Energia España, S. A. (Galp Energia España).

Non-executive director Luigi Spelli is a board member of Galp Exploração e Produção Petrolífera, S. A. (Galp Exploração), with responsibility for planning and control, LNG and new ventures.

The board of directors has considered that chairman Francisco Luís Murteira Nabo and non-executive director Joaquim José Borges Gouveia are both independent according to article 414, paragraph 5, of the Companies Code, if the independence criteria were to be applied.

II.15 Legal and regulatory rules for independence assessment

The independency assessment of non-executive directors, which is carried out by the board of directors, followed the legal rules laid down in article 414, paragraph 5, of the Companies Code regarding the members of the supervisory

board, thereby ensuring the systematic and temporal coherence in the application of independency criteria in the entire Company.

II.16 Selection process of candidates to the non-executive director position

Galp Energia does not have a selection process of candidates to the non-executive director position. Nevertheless, there is no interference of the executive directors in the appointment

of the non-executive members, since they are elected in the general shareholder meeting.

II.17 Activity taken out by non-executive directors

Galp Energia's annual report 2011 includes a description of the activity taken out by non-executive directors and possible constraints detected.

II.18 Biographies of the members of the board of directors

Francisco Luís Murteira Nabo

Age	72
First appointment at Galp Energia	2005
End of term at Galp Energia	2010
Academic degrees	Degree in Economics from Instituto Superior de Ciências Económicas e Financeiras, Lisbon MBA from AESE – Escola de Direcção de Negócios
Main professional activities in the last five years	Chairman of the curator board at Fundação Luso-Espanhola (since October 2000) Vice-chairman at Fundação Luso-Brasileira (since April 2007) Curator at Fundação Luso-Brasileira (since April 2007) Curator at Fundação Dr. Stanley Ho (since February 2008) Curator at Fundação AFID Diferença (since December 2005) Chairman of the curator board at Fundação da Universidade de Aveiro (since September 2009) Chairman of the general board of ELO (since May 2011) Vice-chairman of the business confederation of CPLP (since July 2010) Chairman of the advisory board of INIR – Instituto de Infra-Estruturas Rodoviárias, I. P. (since October 2009) Chairman of ITQB – Instituto de Tecnologia Química e Biológica, of Universidade Nova de Lisboa (since March 2011) Member of the orientation board of IICT – Instituto de Investigação Científica Tropical (since March 2008) Chairman of the general board of COTEC (since December 2006) Member of the board at Fundação Espírito Santo Silva (since November 2010) Non-executive director of BPG – Banco Português de Gestão, S. A. (from March 2006 to January 2009) Non-executive director of STDP – Sociedade Transnacional de Desenvolvimento de Participações, SGPS, S. A. (from March 2006 to January 2009) Non-executive director of Oriente, SGPS, S. A. (from March 2006 to January 2009) Non-executive director of Sagres – Companhia de Seguros, S. A. (from March 2006 to January 2009) Chairman of the Portuguese Economic Society (from January 2005 to December 2010) Curator at Fundação Oriente (from January 2003 to November 2010) Vice-chairman of the board of ELO – Associação Portuguesa para o Desenvolvimento Económico e a Cooperação (from September 2005 to March 2008) Chairman of the board of ELO – Associação Portuguesa para o Desenvolvimento Económico e a Cooperação (from March 2008 to May 2011)

Member of the corporate board of CPLP (from December 2008 to July 2010)

Chairman of the general meeting committee of Novabase, SGPS, S. A. (from April 2004 to April 2007)

Positions held in Group companies at 31.12.2011

–

Other positions at 31.12.2011

Non-executive director of Holdomnis – Gestão e Investimentos, S. A.

Non-executive chairman of the board of directors of Templo – Gestão e Investimentos, S. A.

Non-executive chairman of the board of directors of Lenitudes, SGPS, S. A.

Chairman of the general meeting committee of RAVE – Rede Ferroviária de Alta Velocidade, S. A.

Chairman of the remuneration committee of Novabase, SGPS, S. A.

Chairman of the board of curators of Fundação Galp Energia

Number of Galp Energia shares held

0

Manuel Ferreira De Oliveira

Age	63
First appointment at Galp Energia	2006
End of term at Galp Energia	2010
Academic degrees	Degree in Electric Engineering, major in Energy, from the Engineering Faculty at the Universidade do Porto Master of Science (MSc) in Energy from the University of Manchester PhD in Energy at the University of Manchester Associated professor at Universidade do Porto where he became a visiting professor in 1979 Management studies at IMD, Switzerland, Harvard Business School and Wharton Business School in the United States Advisory member of the Portuguese Engineering Society as a specialist in industrial management and energy Effective member of Academia de Engenharia de Portugal
Main professional activities in the last five years	Vice-chairman of Casa da Música in Porto (from December 2005 to March 2008) Member of the advisory board of the Economics Faculty of Universidade do Porto (from November 2005 to April 2009) Member of the advisory board of the Department of Electric Engineering and Computers of the Engineering Faculty of Universidade do Porto (from April 1999 to April 2009) Visiting professor of the Department of Electric Engineering and Computers of the Engineering Faculty of Universidade do Porto (from April 1999 to April 2009)

Positions held in Group companies at 31.12.2011	Chairman of the board of directors of Galp Exploração
	Chairman of the board of directors of Petrogal
	Chairman of the board of directors of GDP
	Chairman of the board of directors of Galp Gás Natural Distribuição
	Chairman of the board of directors of Galp Power
	Chairman of the board of directors of Galp Energia, S. A.
	Chairman of the board of directors of Galp Energia España
	Chairman of the board of directors of Galp Exploração e Produção (East Timor)
	Director of Galp Bioenergy, B. V.
	Director of Galp Brazil Services, B. V.
	Director of Galp Energia Netherlands, B. V.
	Director of Galp Energia Rovuma, B. V.
	Chairman of the board of directors of Petrogal Brasil
	Chairman of the advisory board of Galp Exploração Serviços do Brasil, Lda.
Other positions at 31.12.2011	Chairman of the board of directors of Next Priority
	Member of the board of directors of Galp Energia Overseas, B. V.
	Vice-chairman of the general board of Universidade do Porto
	Member of the advisory board of Entreprajuda
Number of Galp Energia shares held	Chairman of the board of directors of Fundação Galp Energia
	Visiting professor of Universidade de Aveiro
	85,640

Manuel Domingos Vicente

Age	55
First appointment at Galp Energia	2006
End of term at Galp Energia	2010
Academic degrees	Degree in Electrical Engineering from the Universidade de Angola His training in Management and the Oil Industry was pursued mainly at London-based OGCI – Oil & Gas Consultants International
Main professional activities in the last five years	-
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Chairman of the board of directors of Sonangol
	Chairman of the board of directors of UNITEL, SARL (Angolan company of mobile telecommunications)
	Chairman of the board of directors of Sonils – Sonangol Integrated Logistic Services, Lda.
	Member of the board of directors of BAI – Banco Africano de Investimentos and the Carlyle Group, among other entities
Number of Galp Energia shares held	0

Fernando Manuel dos Santos Gomes

Age	65
First appointment at Galp Energia	2005
End of term at Galp Energia	2010
Academic degrees	Degree in Economics Visiting professor at Universidade Lusíada do Porto
Main professional activities in the last five years	
Positions held in Group companies at 31.12.2011	Member of the board of directors of Galp Exploração
	Member of the board of directors of Petrogal
	Member of the board of directors of GDP
	Member of the board of directors of Galp Gás Natural Distribuição
	Member of the board of directors of Galp Power
	Member of the board of directors of Galp Energia, S. A.
	Member of the board of directors of Galp Energia España
	Member of the board of directors of Galp Exploração e Produção (East Timor)
	Member of the board of directors of Sopor – Sociedade Distribuidora de Combustíveis, S. A.
	Member of the audit committee of Belem Bioenergy, B. V.
	Director of Galp Bioenergy, B. V.
	Director of Galp Brazil Services, B. V.
	Director of Galp Energia Netherlands, B. V.
	Director of Galp Energia Rovuma, B. V.
	Chairman of the board of directors of Galpbúzi – Agro Energias
	Chairman of the board of directors of Moçamgalp Agroenergias de Moçambique
	Chairman of the managing board of Petrogal Angola, Lda.
	Chairman of the managing board of Petrogal Cabo Verde, Lda.
	Chairman of the managing board of Petrogal Moçambique, Lda.
Other positions at 31.12.2011	Chairman of the managing board of Petrogal Guiné-Bissau, Lda.
	Member of the board of directors of Petrogal Brasil
	Member of the advisory board of Galp Exploração Serviços do Brasil, Lda.
	Chairman of the executive committee of Galp Moçambique, Lda.
	Chairman of the committee of Galp Gambia, Limited
	Chairman of the committee of Galp Swaziland, Limited
	Member of the board of directors of Next Priority
	Member of the board of directors of Galp Energia Overseas, B. V.
	Member of the board of directors of Fundação Galp Energia
	1,900

José António Marques Gonçalves

Age	60
First appointment at Galp Energia	2005
End of term at Galp Energia	2010
Academic degrees	Degree in Mechanical Engineering from Instituto Superior Técnico Degree from Harvard Business School and Kettering University in the United States
Main professional activities in the last five years	Vice-chairman of the executive committee of Galp Energia (from January 2007 to May 2008)
Positions held in Group companies at 31.12.2011	Member of the board of directors of Petrogal
Other positions at 31.12.2011	-
Number of Galp Energia shares held	51,500

André Freire de Almeida Palmeiro Ribeiro

Age	37
First appointment at Galp Energia	2005
End of term at Galp Energia	2010
Academic degrees	Degree in Business Administration from Universidade Católica de Lisboa
Main professional activities in the last five years	Director roles in several Galp Energia group companies (from 2007 to 2011)
Positions held in Group companies at 31.12.2011	Member of the board of directors of Galp Exploração Member of the board of directors of Petrogal Member of the board of directors of GDP Member of the board of directors of Galp Gás Natural Distribuição Member of the board of directors of Galp Power Member of the board of directors of Galp Energia, S. A. Member of the board of directors of Galp Energia España Member of the board of directors of Galp Exploração e Produção (East Timor) Director of Galp Bioenergy, B. V. Director of Galp Brazil Services, B. V. Director of Galp Energia Netherlands, B. V. Director of Galp Energia Rovuma, B. V. Member of the board of directors of Petrogal Brasil Chairman of the board of directors of Sacor Marítima Member of the board of directors of Next Priority Member of the board of directors of Galp Energia Overseas, B. V.
Other positions at 31.12.2011	Member of the board of directors of Fundação Galp Energia
Number of Galp Energia shares held	950

Carlos Nuno Gomes da Silva

Age	44
First appointment at Galp Energia	2007
End of term at Galp Energia	2010
Academic degrees	Degree in Electrical Engineering and Computer Science from Engineering Faculty of Universidade do Porto Master in Business Administration from Escuela Superior de Administración y Dirección de Empresas de Barcelona and Instituto Empresarial Português Additional courses from ESADE (Barcelona), London Business School (London) and EGP (Porto)
Main professional activities in the last five years	Several executive roles at Unicer Bebidas de Portugal, SGPS, S. A., where he was a member of the board of directors (until May 2008) Several executive roles at Américo Amorim group (from April 2007 to May 2008) Chairman of APIAM – Associação Portuguesa dos Industriais de Águas Minerais e de Nascente (until April 2007) Vice-chairman of ANIRSF – Associação Nacional dos Industriais de Refrigerantes e Sumos de Frutos (until April 2007) Chairman of APETRO – Associação Portuguesa de Empresas Petrolíferas (since June 2008)
Positions held in Group companies at 31.12.2011	Member of the board of directors of Galp Exploração Member of the board of directors of Petrogal Member of the board of directors of GDP Member of the board of directors of Galp Gás Natural Distribuição Member of the board of directors of Galp Power Member of the board of directors of Galp Energia, S. A. Member of the board of directors of Galp Energia España Member of the board of directors of Galp Exploração e Produção (East Timor) Director of Galp Bioenergy, B. V. Director of Galp Brazil Services, B. V. Director of Galp Energia Netherlands, B. V. Director of Galp Energia Rovuma, B. V. Member of the board of directors of Petrogal Brasil Chairman of the board of directors of CLC – Companhia Logística de Combustíveis, S. A. Chairman of the board of directors of Sopor – Sociedade Distribuidora de Combustíveis, S. A. Member of the board of directors of Next Priority Member of the board of directors of Galp Energia Overseas, B. V.
Other positions at 31.12.2011	Member of the board of directors of Amorim Investimentos Energéticos, SGPS, S. A., and Amorim Energia, B. V. Member of the board of directors of Fundação Galp Energia
Number of Galp Energia shares held	2,410

Rui Paulo da Costa Cunha e Silva Gonçalves

Age	44
First appointment at Galp Energia	2008
End of term at Galp Energia	2010
Academic degrees	Degree from Law from the Law Faculty of Universidade Católica Postgraduation in Management at School of Business and Economics of Universidade Católica
Main professional activities in the last five years	Visiting professor in the bachelor degree and in several post graduation courses at Instituto Português de Administração e Marketing (from 2004 to November 2007) Deputy director of the legal department of Grupo Unicer (from 2002 to November 2007) Member of the general meeting committee of several companies of Grupo Unicer (from 2002 to November 2007) Director and managing director of Amorim Investimentos Energéticos, SGPS, S. A. (since December 2007)
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Director and managing director of Amorim Investimentos Energéticos, SGPS, S. A. Director of Amorim Energia, B. V. Chairman of the general meeting committee of Amorim Holding II, SGPS, S. A. Chairman of the general meeting committee of Banco BIC Português, S. A. Vice-chairman of the general meeting committee of Banco Unico, S. A.
Number of Galp Energia shares held	0

João Pedro Leitão Pinheiro de Figueiredo Brito

Age	46
First appointment at Galp Energia	2005
End of term at Galp Energia	2010
Academic degrees	Degree in Economics from Instituto Superior de Economia at Universidade Técnica de Lisboa, major in International and Financial Economics Postgraduation in Management from Universidade Nova de Lisboa
Main professional activities in the last five years	Executive director of Galp Energia for the Marketing Oil of the Iberian Peninsula, and marketing units (from May 2005 to May 2008)
Positions held in Group companies at 31.12.2011	Member of the board of directors of Petrogal Member of the board of directors of Galp Energia España Member of the board of directors of Compañía Logística de Hidrocarburos CLH, S. A. Chairman of the board of directors of Galp Energia Portugal Holdings, B. V.
Other positions at 31.12.2011	-
Number of Galp Energia shares held	0

Claudio De Marco

Age	54
First appointment at Galp Energia	2008
End of term at Galp Energia	2010
Academic degrees	Degree in Economics and Banking at the University of Siena Master in Management Control at SDA Bocconi
Main professional activities in the last five years	Head of management, finance and control of Italgas, S. p. A. (from July 2007 to April 2008) Head of management, finance and control of Snam Rete Gas, S. p. A. (from July 2001 to June 2008)
Positions held in Group companies at 31.12.2011	Member of the board of directors of Galp Exploração Member of the board of directors of Petrogal Member of the board of directors of GDP Member of the board of directors of Galp Gás Natural Distribuição Member of the board of directors of Galp Power Member of the board of directors of Galp Energia, S. A. Member of the board of directors of Galp Energia España Member of the board of directors of Galp Exploração e Produção (East Timor) Member of the audit committee of Belem Bioenergy, B. V. Director of Galp Bioenergy, B. V. Director of Galp Brazil Services, B. V. Director of Galp Energia Netherlands, B. V. Director of Galp Energia Rovuma, B. V. Member of the board of directors of Petrogal Brasil Member of the board of directors of Next Priority Member of the board of directors of Galp Energia Overseas, B. V.
Other positions at 31.12.2011	Member of the board of directors of Fundação Galp Energia
Number of Galp Energia shares held	0

Paolo Grossi

Age	39
First appointment at Galp Energia	2008
End of term at Galp Energia	2010
Academic degrees	Degree in Economics at LUISS University in Rome MBA in Finance at City University, in London
Main professional activities in the last five years	Executive vice-president of planning and control of Eni (from May 2009 to March 2010) Senior vice-president of planning and control of Eni's refining and marketing division (from November 2007 to April 2009) Head of management control of Eni's refining and marketing division (from July 2005 to November 2007)

Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Executive vice-president of Retail for the commercial area of oil products at Eni's refining and marketing division (since April 2010) Member of the board of directors of Polimeri Europa, S. p. A. (since March 2010)
Number of Galp Energia shares held	0

Fabrizio Dassogno

Age	52
First appointment at Galp Energia	2008
End of term at Galp Energia	2010
Academic degrees	Degree in Civil Engineering at the University of Bologna
Main professional activities in the last five years	Head of international markets of Eni's gas and power division (from 2007 to 2008) Non-executive director of Eni Gas & Power Trading, B. V. (from 2007 to 2008) Non-executive director of GVS (from 2008 to 2010) Non-executive director of TIGAZ (from 2008 to 2011) Head of power trading and tolling management within Eni's gas and power division (from January 2007 to August 2007)
Positions held in Group companies at 31.12.2011	Member of the board of directors of Galp Exploração Member of the board of directors of Petrogal Member of the board of directors of GDP Member of the board of directors of Galp Gás Natural Distribuição Member of the board of directors of Galp Power Member of the board of directors of Galp Energia, S. A. Member of the board of directors of Galp Energia España Member of the board of directors of Galp Exploração e Produção (East Timor) Director of Galp Bioenergy, B. V. Director of Galp Brazil Services, B. V. Director of Galp Energia Netherlands, B. V. Director of Galp Energia Rovuma, B. V. Member of the board of directors of Petrogal Brasil Chairman of the board of directors of Galp Gás Natural Chairman of the board of directors of Setgás Comercialização Chairman of the board of directors of GDP Serviços Chairman of the board of directors of Galp Power, S. A. Chairman of the board of directors of SPOWER Member of the board of directors of Parque Eólico da Penha da Gardunha, Lda.

	Chairman of the board of directors of Madrileña Suministro de Gás, S. L. Chairman of the board of directors of Madrileña Suministro de Gás Sur, S. L. Member of the board of directors of Gasoducto de Extremadura, S. A. Member of the board of directors of Gasoducto Al-Andalus, S. A. Member of the board of directors of Europe Maghreb Pipeline, Ltd. Member of the board of directors of Metragaz – Société pour la Construction et L'Exploitation Technique du Gazoduc Maghreb Europe Member of the board of directors of Next Priority Member of the board of directors of Galp Energia Overseas, B. V.
Other positions at 31.12.2011	Member of the board of directors of Fundação Galp Energia Chairman of the board of directors of AGN – Associação Portuguesa de Empresas de Gás Natural
Number of Galp Energia shares held	0

Giuseppe Ricci

Age	53
First appointment at Galp Energia	2008
End of term at Galp Energia	2010
Academic degrees	Degree in Chemical Engineering at the Polytechnic University of Turin
Main professional activities in the last five years	Operations manager of Eni's refining and marketing division (from April 2008 to June 2010) Chairman of the board of directors of Raffineria di Gela, S. p. A. (from April 2008 to December 2010) Chief executive officer of Raffineria di Gela, S. p. A. (from April 2006 to April 2008)
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Senior vice-president of the industrial and logistic area of Eni's refining and marketing division (since June 2010) Chief executive officer of Raffineria di Milazzo, S. c. p. A. (Joint Venture Eni / Kuwait P.) (since April 2009)
Number of Galp Energia shares held	0

Joaquim José Borges Gouveia

Age	61
First appointment at Galp Energia	2008
End of term at Galp Energia	2010
Academic degrees	Post PhD in Electrical Engineering and Computer Science from Engineering Faculty at Universidade do Porto, in 1998

	PhD in Electrical Engineering and Computer Science from Engineering Faculty at Universidade do Porto, in 1983
	Degree in Electrical Engineering from Engineering Faculty Universidade do Porto, in 1973
Main professional activities in the last five years	<p>Visiting professor of the Department of Economics, Management and Industrial Engineering of Universidade de Aveiro (since 1 October 2001)</p> <p>Head of the Department of Economics, Management and Industrial Engineering (since 2 June 2011)</p> <p>Head of GOVCOPP – Governança, Competitividade e Políticas Públicas, a research unit of Instituto de Investigação da Universidade de Aveiro (from October 2009 to June 2011)</p> <p>Head of the PhD programme in Energy Systems and Climate Changes (since June 2011)</p> <p>Head of the PhD programme in Engineering and Industrial Management (since June 2010)</p> <p>Head of the Masters degree in Sustainable Energy Systems (from June 2007 to October 2011)</p> <p>Head of advanced training courses in Energy Efficiency and Renewable Energies, Management for Executives and Management of Technology, Innovation and Knowledge (since June 2007)</p> <p>Chairman of the board of directors of Energaia, Agência Municipal de Energia de Vila Nova de Gaia (since June 1999)</p> <p>Chairman of RNAE – Associação das Agências de Energia e Ambiente – Rede Nacional (since 2005)</p> <p>Member of the board of directors of ABAP / BIOCANT (since May 2006)</p>
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	-
Number of Galp Energia shares held	0

Luigi Spelli

Age	61
First appointment at Galp Energia	2009
End of term at Galp Energia	2010
Academic degrees	Degree in Chemical Engineering at the University of Florence
Main professional activities in the last five years	<p>Member of the board of directors of Société Centrale Electrique du Congo, S. A. (from January 2008 to June 2009)</p> <p>Chairman of Burren Energy Bermuda, Ltd. (from November 2008 to August 2009)</p> <p>Member of the board of directors of Eni Congo, S. A. (from April 2006 to June 2009)</p> <p>Member of the board of directors of Eni Angola S. p. A. (from November 2008 to October 2009)</p> <p>Vice-president for the sub-Saharan region of Eni's exploration and production division</p>
Positions held in Group companies at 31.12.2011	<p>Member of the board of directors of Galp Exploração</p> <p>Member of the board of directors of Petrogal Brasil</p>

Other positions at 31.12.2011

Number of Galp Energia shares held 0

Maria Rita Galli

Age	40
First appointment at Galp Energia	2009
End of term at Galp Energia	2010
Academic degrees	Degree in Nuclear Engineering at Politecnico di Milano in 1996
Main professional activities in the last five years	<p>Senior vice-president for business development and asset management at Eni's gas and power division (since January 2010)</p> <p>Vice-president responsible for corporate development and management in the Burani Group (from October 2006 to 2009)</p> <p>Vice-president for international business development at Eni's gas and power division (since 2006)</p>
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	<p>Member of the board of directors of Altergaz</p> <p>Member of the board of directors and vice-president of Distrigás, S. A.</p> <p>Member of the board of directors of Tigaz Zrt</p> <p>Chairman of the board of directors of Eni G&P Trading, B. V.</p> <p>Chairman of the board of directors of Eni G&P France, B. V.</p> <p>Chairman of the board of directors of Eni G&P Belgium, S. A.</p>
Number of Galp Energia shares held	0

Luca Bertelli

Age	52
First appointment at Galp Energia	2010
End of term at Galp Energia	2010
Academic degrees	Degree in Geological Sciences at the University of Florence – thesis on Wireline Logs and Seismic
Main professional activities in the last five years	<p>Executive vice-president of Eni's global exploration division (from May 2009 to March 2010)</p> <p>Chairman and managing director of Eni Angola (from October 2008 and May 2009)</p> <p>Chairman and managing director of Agiba Petroleum Company (from April 2006 to October 2008)</p>
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	<p>Director of Eni Norge</p> <p>Director of Eni Ghana</p>
Number of Galp Energia shares held	0

II.19 Roles held by the members of the board of directors in other companies

The roles held by the members of the board of directors in Galp Energia companies or in other companies are detailed in the previous table.

II.20 Assessment of the governance model

The board of directors' judgment is that the adopted governance model, with its guiding principles of transparency, horizontality, flexibility, simplicity, efficiency and delegation of responsibilities, subject to rules that are clearly defined and well perceived by board members, has been effective in creating shareholder value.

The current governance model encourages effective management, namely by separating clearly the powers of governing bodies, particularly those of the board of directors in respect of supervision and control and those of the executive committee in respect of the day-to-day management of the business units and corporate services, delegated to it by the board of directors.

The fact that the board of directors has exclusive responsibilities in certain matters has enabled this body

to effectively monitor and control the Company's strategic issues, key goals and basic organisation.

The assignment of specific management roles to each executive director facilitates the effective monitoring of the Company's management and enhances the capture of synergies within the business units and between them.

The workings of the board of directors have provided an effective framework for non-executive directors to supervise and assess the actions of their executive counterparts. The chairman's non-executive and independent role has played an important part in this process as well as in the relationship between the Company and its shareholders.

SECTION III – SUPERVISORY BOARD

II.21 Identification of the members of the supervisory board and fulfillment of the incompatibility rules and independence criteria

Chairman: Daniel Bessa Fernandes Coelho

Member: Gracinda Augusta Figueiras Raposo

Member: Manuel Nunes Agria

Deputy: Amável Alberto Freixo Calhau

All the members of the supervisory board fulfill the incompatibility rules of article 414-A, paragraph 1, of the

Companies Code as well as the independence criteria of article 414, paragraph 5, of the Companies Code.

Under the regulation, the supervisory board annually evaluates its performance.

II.22 Biographies of the members of the supervisory board

Daniel Bessa Fernandes Coelho

Age	63
First appointment at Galp Energia	2006
End of term at Galp Energia	2013
Academic degrees	Degree in Economics from the Universidade do Porto, in 1970 PhD in Economics from Universidade Técnica de Lisboa, in 1986
Main professional activities in the last five years	Managing director of COTEC Portugal – Associação Empresarial para a Inovação (since June 2009) Member of the board of directors of Fundação Bial (since January 2003) Chairman of the advisory board of IGFCSS – Instituto de Gestão de Fundos de Capitalização da Segurança Social (since November 2000) Non-executive director of AICEP – Agência para o Investimento e Comércio Externo de Portugal, E. P. E. (from June 2007 to December 2011) Member of the board of directors of Finibanco Holdings, SGPS, S. A. (from May 2001 to March 2011) Chairman of the board of EGP – University of Porto Business School (from June 2000 to March 2009) Member of the board of directors of Finibanco, S. A. (from November 1997 to March 2008) Chairman of the supervisory board of SPGM – Sociedade de Investimentos, S. A. (from March 1997 to April 2007)
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Non-executive director of Efacec Capital, SGPS, S. A. (since May 2004) Chairman of the supervisory board of Sonae, SGPS, S. A. (since April 2007) Chairman of the supervisory board of Bial – Portela e Companhia, S. A. (since March 2008) Chairman of the general meeting committee of Nanium, S. A. (since February 2010) Member of the general and supervision board of Banco Comercial Português (since April 2011)
Number of Galp Energia shares held	0

Gracinda Augusta Figueiras Raposo

Age	57
First appointment at Galp Energia	2011
End of term at Galp Energia	2013
Academic degrees	Degree in Management from Instituto Superior de Ciências do Trabalho e da Empresa, in 1978 Masters degree in Operational Management from the University of Minneapolis, Minnesota – EUA

Main professional activities in the last five years	Advisor to the board of directors of Santander group (from 2007 to 2009)
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Director of ECS-Capital – Sociedade Gestora de Fundos de Private Equity e Distress Funds Member of the supervisory board of Banco BIC Portugal
Number of Galp Energia shares held	0

Manuel Maria Simões Nunes Agria

Age	65
First appointment at Galp Energia	2011
End of term at Galp Energia	2013
Academic degrees	Degree in Mechanical Engineering from Instituto Superior Técnico, in 1969 Postgraduation in Management from AESE, in 1982 Masters degree in Economics from Universidade Nova de Lisboa, in 1994
Main professional activities in the last five years	Executive vice-president of ANEOP – Associação Nacional de Empreiteiros de Obras Públicas (from 1985 to 2011) Member of the supervisory board of IMOTRON – Edifícios Inteligentes, S. A. (from 1993 to 2008)
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	Visiting professor at Universidade Lusíada Member of the advisory board of Vortal, Comércio Electrónico, Consultadoria e Multimédia, S. A.
Number of Galp Energia shares held	0

Amável Alberto Freixo Calhau

Age	65
First appointment at Galp Energia	2006
End of term at Galp Energia	2013
Academic degrees	Statutory auditor (ITMPE)
Main professional activities in the last five years	Chartered accountant Managing partner of Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas
Positions held in Group companies at 31.12.2011	-
Other positions at 31.12.2011	-
Number of Galp Energia shares held	0

II.23 Roles held by members of the supervisory board in other companies

The roles held by the members of the supervisory board in Galp Energia group companies or in other companies are detailed in the previous table.

II.24 Annual assessment of the external auditor

The supervisory board represents the Company, for all effects, before the external auditor. Under article 19, paragraph 4, of the articles of association, a statutory auditor or a firm of statutory auditors shall be proposed to the general meeting by supervisory board.

The supervisory board, which is the first recipient of the reports, annually assesses the activity of the external auditor through a critical appreciation of reports and statements produced, and sets out its remuneration and may propose its fair dismissal.

II.25 – II.28

These paragraphs are not applicable to Galp Energia, since its governance model does not include a management and supervisory body.

SECTION IV – REMUNERATION

II.29 Remuneration of senior managers

The remuneration policy of senior managers, under article 248-B, paragraph 3, of the Securities Code, which was submitted to the general meeting of 30 May 2011, sets out the following principles.

The variable remuneration of Galp Energia's senior managers is tied to a tree of financial-economic, operational, quality of service and safety / environmental objectives deemed relevant for monitoring the activity of the Company, the business unit and the operating area.

Annually, management contracts are defined with all governing bodies, where three groups of objectives that gather six indicators are set out:

- shared objectives in Galp Energia group: two indicators with a weight of 5% and 12.5%, equal for all senior managers related with value creation for the Company in comparison with the budget and the performance of the Galp Energia stock against a peer group;
- shared objectives in the business unit: an indicator with a weight of 17.5%, equal for all the employees of each business unit, related to the unit's results in comparison with the budget;

- individual objectives: three indicators with an overall weight of 65%, considered critical, under the direct action of the manager and value generators in each business / activity; comparison is made with the budget or a challenge deemed adequate for the goal.

Objectives have underlying indicators oriented towards shareholder value creation and balance between individual responsibility and a culture that promotes the business / team.

The goals / indicators were also designed to allow its diffusion across the organisation, thereby guaranteeing a common system and equality of principles in every organisational level; continuous efforts are made so the whole process, calendar and models are identical for the staff of the main Group companies.

The application of the variable remuneration policy arises from a performance assessment system based on the fulfillment of goals, rewarding and distinguishing best performances according to a predictable and transparent method, under which better bonuses match better reviews match.

In order to guarantee consistency between earnings and prizes awarded, the overall amount of prizes to be distributed is

pegged to Galp Energia's net profit, having been defined and disclosed rules for decreasing and increasing that amount.

These pegging rules may lead to no bonuses if the Company's net profit falls 80% below budget.

II.30 Remuneration policy of the management and supervisory bodies



Galp Energia head offices in Lisbon

Under the mandate conferred by the general meeting under article 8 of the articles of association, the remuneration committee submitted to the approval of Galp Energia's general meeting, convened on 30 May 2011, a statement on the policy for remuneration of the management and supervisory bodies according to Law 28/2009 of 19 June, no. 2.

According to that statement, the policy for remuneration of the governing bodies defined by the remuneration committee has the following objectives:

- (i) to remunerate properly, in competitive terms in comparison with the terms offered on the market, the work and the know-how, according to the competences and responsibilities inherent to the roles;
- (ii) reward the increase in efficiency and productivity, shareholder value creation and the sustained growth of earnings through the definition and implementation of an incentive system related to the attainment of predefined economic, financial and operational objectives, set out to encourage sustained growth of earnings and discourage excessive risk-taking.

The policy for remuneration governing bodies is based on the purpose of attracting and retaining the best professionals for the roles in the Company and ensuring the stability of the members of the governing bodies elected.

Taking that purpose into account, the general meeting approved the remuneration policy for the Company's

governing bodies, proposed by the remuneration committee, detailed below.

I Board of directors

Non-executive directors

The remuneration of non-executive members of the board of directors will amount to a fixed monthly fee, paid 14 times a year, whose amount is determined by the remuneration committee in line with market practices.

Also in line with these market prices, the remuneration of non-executive members of the board of directors may be different for the chairman of the board of directors, due to the special roles of Company representation that are committed to him, and for non-executive members of the board of directors who have special roles of supervision and monitoring in committees that may be created by the board of directors.

Executive directors and directors with executive duties in Galp Energia group companies

The remuneration of the executive members of the board of directors and directors with executive duties in Galp Energia group companies will have two components, one fixed and one variable.

The fixed component will correspond to a fixed monthly fee, paid 14 times a year, to be determined by the remuneration committee considering the duties and responsibilities assigned and practices observed in the market for equivalent positions in large Portuguese and international companies.

The variable component has an occasional nature. It is determined according to the attainment of certain economic, financial and operational objectives and the evolution of Galp Energia's share price in the market against a group of peers, with the aim of creating a competitive remuneration scheme and an incentive / bonus system that ensures the alignment of executive directors with the interests of the Company and its stakeholders, from an economic and financial sustainability perspective. The variable remuneration may vary between 0% and 60% of the annual fixed fee, depending on the degree of annual fulfillment of goals. The annual fixed fee is set out by the remuneration committee.

The remuneration of executive directors of Galp Energia group companies and non-executive directors with executive roles in Galp Energia group companies has social benefits.

II Supervisory board and firm of statutory auditors

The remuneration of the members of the supervisory board and

the firm of statutory auditors is set considering the practices of Portuguese and international markets and the efforts to align the interests of the members with those of the Company and its stakeholders.

The remuneration of the members of the supervisory board amounts to a fixed monthly fee, paid 14 times a year, and the remuneration of its chairman is different from the other board members, considering the special functions performed by that member of the supervisory board.

The remuneration of the firm of statutory auditors will include the certification of the accounts, and will be set in market conditions.

III General meeting board

The remuneration of the members of the general meeting board will correspond to different attendance fees for the chairman, the vice-chairman and the secretary, in an amount to be determined based on the Company's situation and market practices.

II.31 Individual annual remuneration of the management and supervisory bodies

Board of directors

The individual remuneration set by the remuneration committee in 2011 for Galp Energia's non-executive directors is detailed below.

In financial 2011, the chairman of the board of directors, Francisco Luís Murteira Nabo, received 210,000 euros as fixed remuneration, not having received variable remuneration.

The vice-chairman and chief executive officer, Manuel Ferreira De Oliveira, received in 2011 1,337,000 euros of which 1,069,600 euros were fixed remuneration and 267,400 euros were contributions to a so-called PPR (retirement savings plan). Variable remuneration for 2010, as approved by the remuneration committee, was 305,600 euros.

Executive directors Fernando Manuel dos Santos Gomes, André Freire de Almeida Palmeiro Ribeiro, Carlos Nuno Gomes da Silva, Claudio De Marco and Fabrizio Dassogno received in 2011 the amount of 437,500 euros each, of which 350,000 euros were fixed remuneration and 87,500 euros were contributions to a PPR (retirement savings plan). Variable remuneration for 2010, as approved by the remuneration committee, was 100,000 euros for each member.

Non-executive directors with executive positions in other Group companies, João Pedro Leitão de Figueiredo Brito and Luigi Spelli, received in 2011 the amount of 437,500 euros each, of which 350,000 euros were fixed remuneration and 87,500 euros were contributions to a PPR. Variable remuneration for 2010, as approved by the remuneration committee, was 75,000 euros for each member.

Non-executive director with executive duties in other Group companies, José António Marques Gonçalves, received in 2011 the amount of 532,200 euros, of which 425,600 euros were fixed remuneration and 106,400 euros were contributions to a PPR. Variable remuneration for 2010, as approved by the remuneration committee, was 91,200 euros.

The remaining non-executive directors, Manuel Domingos Vicente, Rui Paulo da Costa Cunha e Silva Gonçalves, Paolo Grossi, Giuseppe Ricci, Joaquim José Borges Gouveia, Maria Rita Galli and Luca Bertelli, received in 2011 the amount of 42,000 euros each for fixed remuneration, not having received variable remuneration.

In Galp Energia there is no deferral of the payment of variable remuneration to the members of the management body.

Supervisory board

The individual remuneration in 2011 for the members of the supervisory board is detailed below.

The chairman of the supervisory board, Daniel Bessa Fernandes Coelho, received in 2011 a fixed remuneration in the amount of 42,000 euros.

Members of the supervisory board, José Gomes Honorato Ferreira and José Maria Rego Ribeiro da Cunha, in office until 30 May 2011, received in 2011 a fixed remuneration of 12,971 euros each.

Members of the supervisory board in office from 30 May 2011, Manuel Nunes Agria and Gracinda Augusta Figueiras Raposo, received in 2011 a fixed remuneration of 14,912 euros each.

The deputy member of the supervisory board did not receive remuneration in 2011.

The members of the supervisory board do not receive variable remuneration.

II.32 Remuneration structure

Galp Energia has a policy to align the interests of the members of governing bodies with those of the Company. Indeed, the remuneration of directors with an executive remit comprises

a variable component, which depends on the Company's short and medium-term performance and has been generally reasonable when compared to the fixed component.

II.33 Remuneration of executive directors

- a) In 2011 the remuneration of executive directors included a variable component determined according to the attainment of certain economic, financial and operational objectives during financial 2010 under the remuneration policy for 2010, which was presented by Galp Energia's remuneration committee and approved in the general meeting of 26 April 2010.
- b) The performance of executive directors is assessed by the remuneration committee, under the exercise of its duties and in accordance with the mandate conferred by the general meeting as laid down in article 8 of the Company's articles of association.
- c) The assessment of the performance of the executive directors is made according to the attainment of certain economic, financial and operational objectives as determined annually by the remuneration committee.
- d) Under the remuneration policy, variable remuneration may vary between 0% and 60% of the annual fixed remuneration, as set by the remuneration committee depending on the degree of fulfillment of goals; the remuneration committee has determined a reasonable variable component against the fixed component.
- e) Deferral of payment of the variable component of remuneration is not foreseen.
- f) As the deferral of payment of the variable component of remuneration is not foreseen, there is no payment method of the variable remuneration which is subject to continuing positive performance of the Company during the deferral period.
- g) Currently, Galp Energia does not have an allocation or maintenance system of variable remuneration in shares.
- h) Currently, Galp Energia does not have an allocation system of variable remuneration in stock options.
- i) Galp Energia has no annual bonus scheme nor it is established other non pecuniary benefits.
- j) Galp Energia has no profit-sharing scheme.
- l) No compensation was paid or due to former executive directors for the early termination of their term in financial 2011.
- m) Galp Energia did not sign any agreement which provides compensation to pay for the unfair dismissal of a director.
- n) The remuneration of Galp Energia's directors includes all the remuneration for the exercise of duties in management bodies of Galp Energia group companies; therefore, no amounts were paid by other Galp Energia companies.
- o) Executive and non-executive directors with executive roles in Galp Energia group companies are entitled to contributions to a retirement plan under a so-called PPR (retirement savings plan). The remuneration committee has set this contribution at 25% of annual gross remuneration. This is the only complementary retirement plan or early retirement plan currently in force for Galp Energia's directors. The complementary retirement plan was not submitted to the approval of the general meeting. The amount of the contributions is calculated annually for each executive director and adjusted proportionally for the actual time worked in the year.
- p) Directors Manuel Ferreira De Oliveira, Fernando Manuel dos Santos Gomes, Carlos Nuno Gomes da Silva, Luigi Spelli, Claudio De Marco and Fabrizio Dassogno, whose residence is not located in the area of the Company's head office, are paid a monthly rent / travel allowance of 3,000 euros. Executive directors do not receive other non-cash benefits considered as remuneration not covered in previous paragraphs.
- q) There are no mechanisms preventing executive directors from signing contracts that call into question the reason for variable remuneration.

II.34 Remuneration of non-executive directors

The remuneration of Galp Energia's non-executive directors who did not exercise executive duties in other Galp Energia group companies does not include variable components.

II.35 Whistleblowing policy

In accordance with CMVM's recommendations, Galp Energia has developed several mechanisms designed to ensure good management practices in Group companies.

Among these mechanisms there is the prevention of improper acts or even irregularities, which may be committed by employees.

In case the prevention of such acts is not successful, their early detection is pursued in order to avoid serious situations that may damage the Company, its shareholders, clients and employees.

Galp Energia provides a channel whereby any employee can report, directly or confidentially, their knowledge of any irregularity or illegal practice within the Company.

It is part of the supervisory board's remit to receive the notices of irregularities reported by shareholders, employees or others as well as to inform the board of directors and the general meeting of any irregularity detected and the procedures followed for their confirmation. The supervisory board shall also record in writing all checks, audits and notices it has received, actions taken and the procedures in place for remedying the detected irregularities.

The guarantee of confidentiality does not exempt the participant's identification, according to the healthy principle of responsibility in providing information.

Any employee may not only freely communicate his worries or suspicions of improper or possibly illicit behaviour. But also facilitate its early detection, thereby impeding its consummation and avoiding damage to the Company, its shareholders, clients or employees.

Galp Energia guarantees that the employee reporting the practice of any irregularity or simply a suspicion will not be exposed to any retaliation or disciplinary action, unless eventually proven that the employee acted in bad faith.

SECTION V – SPECIALIST COMMITTEES

II.36 Committees to assess performance and the governance system

Galp Energia has no committees to assess the individual and global performance of executive directors, to ponder over the

adopted corporate governance system or to identify potential candidates with profile for a director position.



II.37 Number of meetings of committees with management and supervisory duties

Remuneration committee

The remuneration committee convened once in 2011 and the respective minutes were drafted.

Executive committee

The executive committee convened 45 times in 2011 and the respective minutes were drafted.

Pricing committee for liquid fuels

The pricing committee convenes weekly and minutes are drafted.

Committee for verification of compliance with the code of ethics

The committee for verification of compliance with the code of ethics adopted a decision procedure by electronic means that records decisions taken.

Committee for monitoring the anticorruption policy

The committee for monitoring the anticorruption policy adopted a decision procedure by electronic means through a specific address that records and discloses decisions taken.

II.38 Knowledge and experience of the remuneration committee

In Galp Energia's remuneration committee, there is at least one member with knowledge and experience in remuneration policy.

II.39 Purchase of services by the remuneration committee

The remuneration committee has not entered into any employment or supply contracts with any natural or legal person.



III • INFORMATION AND AUDITING

III.1 Capital structure

From the 829,250,635 shares that compose Galp Energia's share capital, 771,171,121 shares, or 93% of share capital, are listed for trading on NYSE Euronext Lisbon. The remaining 58,079,514 shares, which represent 7% of share capital, are indirectly owned by the Portuguese state through Parpública – Participações Públicas, SGPS, S. A., and are not listed for trading although they are registered with Eurolist by Euronext Lisbon.

Codes and tickers of the Galp Energia stock

Codes		
ISIN	Symbol: GALP	PTGALOAM0009
	Portuguese State shares subject to privatization process	PTGALSAM0003
	Portuguese State shares subject to privatization process	PTGALXAM0006
Sedol		B1FW751
WKN		AOLB24
Bloomberg		GALP PL
Reuters		GALPLS

The extraordinary general meeting of 3 August 2011 approved a resolution that ended with Galp Energia's two different classes of shares, A and B, thereby terminating the special rights previously assigned to A shares.

The share capital of 829,250,635 euros, which is fully paid-up, is represented since that date by 829,250,635 ordinary shares, with a nominal value of one euro, of which 58,079,514 shares, which correspond to 7% of share capital, are a category of shares subject to privatisation. The shares of this category may be converted into ordinary shares through a simple request to Galp Energia. The conversion will operate by immediate effect of that request, not needing the approval of any governing body of the Company.

At 31 December 2011, Galp Energia had no treasury shares.

III.2 Major holdings

Major holdings in Galp Energia's share capital were calculated in accordance with article 20 of the Securities Code. Pursuant to this article, paragraph 1 c), voting rights attached to the shares held by each one of the parties to the shareholder agreement are reciprocally assigned to the other parties. As a result, according to the law, Galp Energia is deemed to be jointly controlled by the shareholders who are parties to the shareholder agreement, that is, Amorim Energia, CGD and Eni. Indeed, these shareholders are part of a shareholder agreement signed in March 2006, whose provisions are briefly described in III.5 of this report.

Major holdings at 31 December 2011

Shareholders	Number of shares	% voting rights
Amorim Energia	276,472,161	33.34%
CGD	8,292,510	1.00%
Eni	276,472,161	33.34%
Parpública	58,079,514	7.00%
Free float	209,934,289	25.32%
Total	829,250,635	-

Description of main shareholders

Amorim Energia has its head office in the Netherlands and its shareholders are Power, Oil & Gas Investments, B. V. (30%), Amorim Investimentos Energéticos, SGPS, S. A. (20%), Oil Investments, B. V. (5%), and Esperaza Holding, B. V. (45%).

Whereas the three first companies are directly or indirectly controlled by Portuguese investor Américo Amorim, the last one is controlled by Sonangol, E. P., Angola's state-owned oil company.

Eni is an Italian energy operator listed on the Milan Stock Exchange and the NYSE in New York. Eni is present in over 75 countries in exploration and production, refining and marketing, gas and power, petrochemicals and engineering services, and construction and drilling. At 31 December 2011, Eni had a market capitalisation of approximately 64 billion euros.

CGD is Portugal's largest credit institution and is wholly owned by the Portuguese state.

Parpública (Participações Públicas, SGPS, S. A.) is a vehicle for the Portuguese state's equity holdings in a number of companies. In September 2010, Parpública issued seven-year bonds with a fixed coupon rate of 5.25%. These debt instruments are exchangeable into shares of Galp Energia and the issue was part of the privatisation of an additional 7% of Galp Energia's share capital.

In late 2011, 25% of Galp Energia's shares were freely traded on the market. The largest part of this free float – close to 84%, or 21% of the shares outstanding – was owned by institutional investors. Private investors owned the remainder, or 4% of the total. This distribution between institutional and private investors has been stable since 2008.

The shareholder base at the end of 2011 included investors from 28 countries. Galp Energia's visibility in international equity markets was evidenced by the spread of over 80% of the institutional base outside the country of origin.

British institutional investors increase their leadership position increasing their share in this owner category from 34% in 2010 to 40% in late 2011. Portuguese and French institutional investors accounted for 16% and 11%, respectively.

III.3 Owners of special rights

In accordance with III.1 of this report, the extraordinary general meeting of 3 August 2011 approved changes in the Company's articles of association for the extinction of special rights inherent to category A shares, namely the mandatory character of the election of the chairman of the board of directors or decisions on Portugal's energy security being approved with

the favourable vote of these 40 million shares of category A held by Parpública.

This way, Galp Energia has no shareholders with special rights since 3 August 2011.

III.4 Share transferability

Shares in Galp Energia are freely transferable according to the law and there are no provisions in the Company's articles of association hindering transferability.

Share transferability is referred to in the shareholder agreement, described below.

III.5 Shareholder agreement

The shareholder agreement between Amorim Energia, CGD and Eni (the Parties), Galp Energia's core shareholders, regulates some of the main features of the Company's governance. Signed on December 2005 and enforced in March 2006, this agreement is valid for an eight-year period. The main features of the shareholder agreement that are of the knowledge of the Company and are still in force are described below.

Sale of shares

After 1 January 2011, the Parties may only sell their holdings in one single block. The other parties will have either a pre-emptive right to buy or a tag-along right to join, on the same terms, a sale to a third party, having a pre-emptive right only in the sale to other Parties to the shareholder agreement.

If Amorim Energia is the seller, CGD will have the preferential right to acquire, wholly or partly, before any other Party, the shares offered for sale by Amorim Energia or, alternatively, to appoint a third Party to buy the shares, which shall meet the requirements outlined in "CGD's preference rights".

In all other sales, or in case CGD does not exercise its aforementioned right, the shares of the selling Party shall be distributed equally to the Parties exercising their preference right, regardless of each Party's respective holding in Galp Energia.

CGD's preference rights

In the instances when Amorim Energia should intend or be forced to sell shares in Galp Energia while the shareholder agreement is in force, CGD shall have the preference to acquire

these shares or to appoint a third Party for that purpose. The other Parties may only exercise their preference or acquisition right if, and to the extent, CGD will not exercise its preferential right nor appoint a third Party for that end.

Any third party appointed by CGD shall cumulatively fulfil the following requirements:

- it shall not be a controlling shareholder or be part of the same group of companies as: (i) CGD, (ii) any public-sector entities, (iii) any companies whose share capital is exclusively owned by the state or (iv) any state-owned enterprises;
- it shall not be a company operating in the energy sector; and
- it shall enter into the existing shareholder agreement, taking over the rights and obligations of the selling party.

Except for a sale by Eni, CGD's exercise of the preference rights arising from the shareholder agreement may not result in the Portuguese state or any other related parties holding shares that account for more than 33.34% of the share capital of Galp Energia.

Composition of governing bodies

General meeting board and Company secretary

The members of the general meeting and the Company secretary shall be elected or appointed, as the case may be, upon agreement between the Parties, among independent professionals with the required qualifications and experience.

Composition of the board of directors and the executive committee

Current mandate (2008-2010)

Exclusively in the 2008-2010 term, the board of directors shall have 17 members, six of which shall compose the executive committee.

CGD has the right to appoint a director who will always be the chairman of the board of directors and the director appointed by the Portuguese state.

As Eni, Amorim Energia shall have the right to appoint seven directors.

Amorim Energia, Eni and CGD will together appoint a director. In case of failure to reach agreement, this director shall be appointed by a majority vote among the three entities, provided CGD's favourable vote can be obtained.

Amorim Energia and Eni shall – subject to CGD's approval, which shall not be withheld on unreasonable grounds – jointly appoint the chief executive officer (CEO).

The executive committee shall have the following composition: the chairman shall be the CEO and Amorim Energia and Eni shall separately appoint two directors each. Amorim Energia and Eni shall jointly appoint the sixth director from the directors appointed separately by Amorim Energia and Eni as described above.

In case a director is appointed pursuant to the article 392 of the Companies Code, they shall replace the director who has been jointly appointed by Amorim Energia, CGD and Eni. Notwithstanding, the Parties shall be bound to cast their votes in a concerted manner.

Subsequent mandates

The board of directors shall have fifteen members, five of which shall also be members of the executive committee. CGD has the right to appoint a director who will always be the chairman of the board of directors and the director appointed by the Portuguese state.

Both Amorim Energia and Eni shall have the right to appoint six directors.

Amorim Energia, Eni and CGD will together appoint a director: in case of failure to reach agreement, this director shall be appointed by a majority vote among the three entities, provided CGD's favourable vote can be obtained.

Amorim Energia and Eni shall – subject to CGD's approval, which shall not be withheld on unreasonable grounds – jointly appoint the chief executive officer (CEO).

The executive committee shall have the following composition: the chairman shall be the CEO and Amorim Energia and Eni shall separately appoint two directors each.

In case a director is appointed pursuant to the article 392 of the Companies Code, they shall replace the director who has been jointly appointed by Amorim Energia, Eni and CGD. Notwithstanding, the Parties shall be bound to cast their votes in a concerted manner.

The Parties may agree to increase the number of directors from 15 to 19, in which case both Eni and Amorim Energia shall have the right to appoint an additional director each. The other two directors shall be independent and appointed by Eni and Amorim Energia.

Auditing and supervision

The shareholder agreement provides for Galp Energia to have a supervisory board composed of three members and a statutory auditor or firm of statutory auditors.

For the supervisory board, Eni, Amorim Energia and CGD shall jointly propose a member and its deputy and both shall be statutory auditors and independent. Both Amorim Energia and Eni shall have the right to propose an independent member. CGD shall have the right to decide which one of the directors separately appointed by Amorim Energia and Eni will be the chairman of the supervisory board.

The statutory auditor or firm of statutory auditors shall be recommended to the general meeting by the supervisory board.

The supervisory board shall hire the services of an independent external auditor, who shall be selected among internationally renowned accountancy firms. In parallel with the supervisory board's and the statutory auditors' roles, the external auditors shall verify Galp Energia's accounts and other annual accounting documents.

Dismissal

The Parties have agreed that a member of a governing body who has been appointed by one of the parties may be dismissed by that party, which will be responsible for any costs arising from that action. In the cases where a member of a governing body has been jointly appointed by the Parties, the Parties may agree their dismissal and shall be responsible for any costs following from that dismissal.

Board of directors resolutions

Approval of the following matters requires a at least two-thirds majority by the members of the board of directors:

- strategic investments and related funding;
- annual budgets and business plans and any changes thereto as well as any resolutions that are not contained in the mentioned documents or exceed by more than 20% the amount of a given item or by more than 10% of the annual budget;
- transactions in excess of 20 million euros with parties related to shareholders;

- appointment of senior managers of Galp Energia or any other company it controls;
- issuance of bonds or other securities within the powers of the board of directors;
- change of the articles of association of any company controlled by Galp Energia.

Approval of the matters listed below shall require a two-thirds majority vote by the members of the board of directors, which shall include the favourable vote of at least one member of the board of directors separately appointed by each party to the agreement:

- strategic divestments by Galp Energia or any company it controls;
- involvement in activities outside Galp Energia's core business (core business is here considered as exploration and production, refining, transportation and marketing of oil and gas, and power production), namely through the acquisition of equity stakes in companies pursuing those activities;
- selection of strategic partners for Galp Energia's core business;
- approval and changes to Galp Energia's guidelines, strategic plan or business areas;
- definition of Galp Energia's organisational structure and delegation of powers by the board of directors to the executive committee or one or more managing directors (including the roles of executive committee members);
- scope of management autonomy by any company controlled by Galp Energia;
- break-up, merger or liquidation of any company controlled by Galp Energia;
- signing of peer or subordinate group agreements by any company controlled by Galp Energia;
- dividend payments by any company controlled by Galp Energia.

Composition of the board of directors of companies controlled by Galp Energia

The Parties have agreed that the board members of Petrogal, GDP and Galp Power shall be the same as the members of Galp Energia's executive committee and that the chairman of Galp Energia's executive committee will be the chairman of the board of directors of those companies.

General meeting resolutions

The Parties undertake to present proposals and vote in a concerted and unanimous manner with regard to the following matters which require, under article 12, paragraph 5, of Galp Energia's articles of association, a two-thirds majority vote:

- approval of and changes to Galp Energia's strategic guidelines, strategic plan and business areas;
- resolution on the allocation of net income for the year or the delivery of assets to shareholders;
- issuance of securities outside the powers of the board of directors;
- proposed strategic partnerships submitted for approval by the board of directors to Galp Energia's general meeting;
- approval of Galp Energia's separate and consolidated annual accounts;
- break-up, merger or liquidation of Galp Energia.

Deadlock situations

In case a quorum is not obtainable for the board of directors or the general meeting of shareholders to make resolutions on the aforementioned matters, or in case the Parties cannot reach an agreement in thirty days, a deadlock situation is considered arise under the shareholder agreement, whereby the matter giving rise to that situation shall be submitted to the judgment of experts appointed by the Parties.

In case the Party that has argued an understanding subsequently overturned by the experts' decision wishes to dispose of its shareholding in Galp Energia, it shall initially offer the shares to the other Parties to the shareholder agreement. Only if the other Parties have no intention to acquire its shareholding will the selling Party be entitled to dispose of its shares on a regulated market.

Payout of results

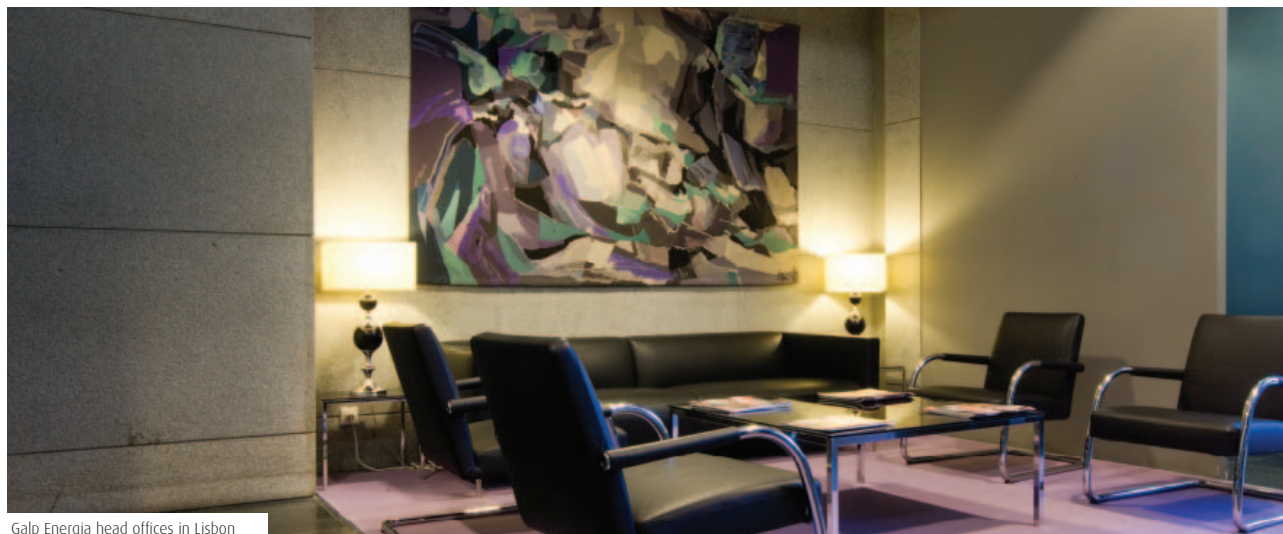
The Parties shall propose the annual payout of at least 50% of Galp Energia's net income, subject to the net debt to EBITDA ratio not exceeding 3.5 for the current and following year, as budgeted.

Change of control

In case one Party (the Affected Party) is affected by change of control when the shareholder agreement is in force, the other Parties shall have the right to acquire the Affected Party's holding in equal proportions, while respecting CGD's preference right as described above in "CGD's preference rights".

Under the shareholder agreements, change of control is said to occur when, following one or more actions or agreements, irrespective of their legal form or title:

- one or more entities, individually or jointly, come to own, directly or indirectly, (i) over half of the Affected Party's shares or voting rights or (ii) the right to appoint or dismiss the majority of the members of the affected Party's board of directors;
- one or more entities acquire the possibility to impose or veto the affected Party's strategic decisions;



Galp Energia head offices in Lisbon

- a merger, the signing of a peer or subordinate group agreement or any other similar event occurs in related to the Affected Party; or
- the whole or at least two-thirds of the Affected Party's assets are transferred, by any means, to one or more entities.

The above is not applicable (i) in situations where change of control is the consequence of an exclusive transaction with one or more Parties of the shareholder agreement, (ii) in CGD's case when change of control is the consequence of transactions between state-owned companies and (iii) in case of a legitimate succession of Américo Amorim or any member of his family.

Assignment of rights and obligations and tag-along rights

No Party may assign the rights or obligations arising from the shareholder agreement without the other Parties' prior written consent or the assignee's prior acceptance of the assignment and its terms, without any reservations.

In case a Party transfers its shares, wholly or partly, to a third Party, the transferor undertakes to obtain the transferee's full and unconditional acceptance of the provisions of the shareholder agreement.

Cooperation and non-competition duties

The Parties agreed to attribute Galp Energia, if it wants so, certain rights related to cooperation and non-competition of Eni with Galp Energia in exploration and production, refining and marketing and natural gas in the Portuguese and Spanish markets. These rights may involve an agreement on certain activities or streamlining at market prices.

Default

In case a default on the shareholder agreement by any Party (the Defaulting Party) has not been remedied, each Party that is not in default shall have the right (i) to acquire the equity owned in Galp Energia by the Defaulting Party or, alternatively, (ii) to receive a sum as damages. In either case, the Party shall in thirty days notify the other Parties of its choice.

Generic strategic objectives and guidelines

The Parties have agreed the general strategic objectives and guidelines for Galp Energia and shall take the necessary steps towards their implementation.

Validity

The shareholder agreement entered into force on 29 March 2006 and shall remain valid for a period of eight years.

III.6 Amendment of the articles of association

Galp Energia's articles of association do not have special rules for changes. The rule in article 386, paragraph 3, of the Companies Code, that is, the resolution of changes to the

articles of association must be approved in general meeting by two thirds of the votes, shall be applied.

III.7 System for employees to hold equity stakes in the Company

Galp Energia has no system for employees to hold equity stakes in the Company or control mechanisms in such a system.

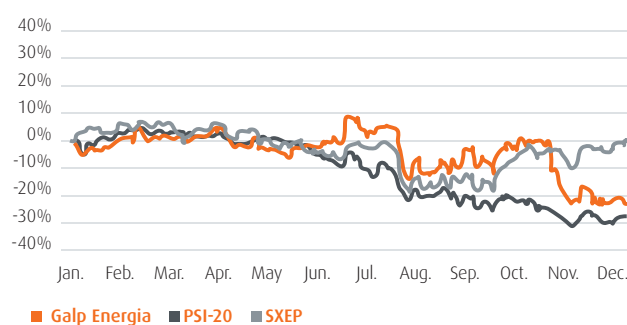
III.8 Performance of the Galp Energia stock

At 31 December 2011, Galp Energia had a market capitalisation of 9,437 million euros, down 21% in comparison with the 11,891 million euros a year earlier. Despite its unfavourable movement, the Galp Energia share outperformed PSI-20, the Portugal's benchmark stock index, which lost 28% in 2011. The Company's stock was, however, outperformed by the European Oil & Gas index, which gained 1% in the year.

In 2011, 341 million shares, or 41% of Galp Energia's share capital or, even more importantly, two times its free float, were traded on the market. This volume provides evidence of the high liquidity of the share on Euronext Lisbon, where it is one of the most liquid. The daily traded volume averaged 1.3 million shares while the total number of shares traded fell 20%. The share peaked at 16.97 euros for the year on 30 June and hit the bottom at 11.26 euros on 12 December.

Stock performance

The Galp Energia share performance against the SXEP and PSI-20 indices in 2011



Source: Bloomberg

The following table sums up the major events in 2011 that had an effect on the Galp Energia stock.

MAIN EVENTS IN 2011

Date	Event
7 January	Announcement of the lease of a new FPSO (floating, production, storage and offloading) for well BM-5-11 in the Brazilian offshore.
11 February	Earnings release 4Q2010 and FY2010.
1 March	Confirmation of good-quality oil by Iara test.
14 March	Capital Markets Day 2011.
28 March	Extraordinary general meeting.
29 April	Earnings release 1Q2011.
30 May	Annual general meeting.
6 June	Appointment of governing bodies.
23 June	Ex-dividend date for the 2010 final dividend payment of 0.1099 euros/share (net).
7 July	Evidence of high potential by the Lula field's first producing well.
29 July	Earnings release 2Q2011 and 1H2011.
3 August	Bond issue of 185 million euros. Extraordinary general meeting.
16 September	Start of operations for the Lula-Mexilhão gas pipeline in the Santos basin.
20 October	Announcement of the natural gas discovery in Mozambique's Mamba South prospect.
27 October	Announcement of the extended natural gas discovery in Mozambique's Mamba Sousa prospect.
28 October	Earnings release 3Q2011 and 9M2011.
11 November	Announcement of capital increase at Petrogal Brasil.
29 November	Assessment of oil presence by new well in Brazil's block BM-5-8.

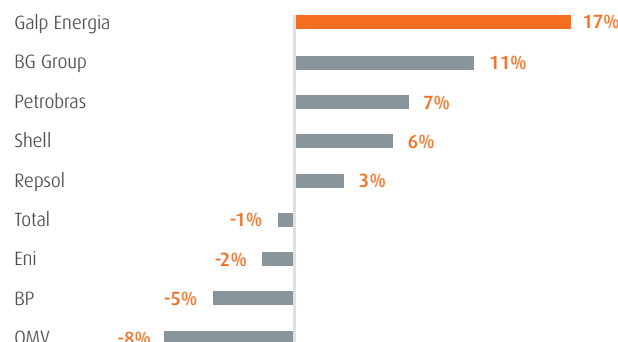
Performance of the Galp Energia share in 2011



Source: Bloomberg

At the end of the year, the Galp Energia share had gained 96% compared with the price at which it was offered to the market in October 2006. As shown in the diagram below, the share gained 17% in the period in annualised terms, compared with a peer group.

Annualised return between 23 October 2006 and 31 December 2011



Source: Bloomberg

Note: prices are in euros and include dividends paid out by companies

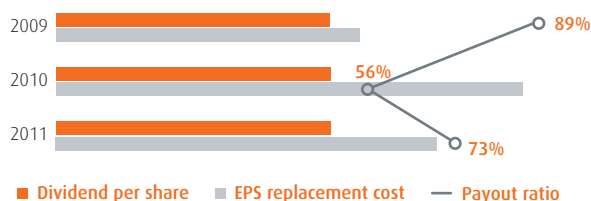
III.9 Dividend policy

Galp Energia dividend policy favours capital conservation as a way of enabling the execution of transformational projects, aiming to pay 0.20 euros per share in annual dividend, subject to general meeting approval.

In 2011, 116 million euros were paid in dividends, that is, 0.14 euros per share. This dividend was the payment of the final dividend for financial 2010.

In 2012, the Company's board of directors will propose to the AGM a dividend of 0.20 euros per share in respect of the financial year of 2011, which equates to a dividend yield of 2% on the basis of the share price at 30 December 2011.

Dividend and earnings per share (€/share)



Source: Galp Energia

III.10 Share grants or stock option plans

Galp Energia currently has no share grant or stock option plans. Therefore, it is not applicable.

III.11 Transactions between the Company and members of the governing bodies or associates

In 2011 no transactions were made between the Company and the members of its management and supervisory bodies.

In Galp Energia's course of business, transactions are entered into

with several entities including companies where Galp Energia has an equity holding. These transactions are made under normal market conditions for similar transactions and are part of the Company's current activities.

III.12 Transactions between the Company and shareholders

In Galp Energia's course of business, transactions are entered, in normal market conditions, into with several entities that

have major holdings in Galp Energia, under article 20 of the Securities Code.

III.13 Intervention of the supervisory body in the previous assessment of transactions between the Company and shareholders

Whenever transactions are made between the Company and shareholders, except those carried out in normal market conditions for similar transactions that are part of the

Company's course of business, the supervisory body is called to intervene with the issue of a previous opinion.

III.14 Statistics related to the intervention of the supervisory body

In 2011, the supervisory board issued an opinion on the acquisition by associate GDP – Gás de Portugal, SGPS, S. A.,

of the equity stakes that Eni held in regional distribution of natural gas Lusitaniagás and Setgás.

III.15 Availability of the annual reports of the supervisory board

The annual reports and opinions on the activity of the supervisory board are available in the Company's website alongside financial statements.

III.16 Investor relations department

Main roles

The investor relations and corporate communication department, or DRICE in the Portuguese acronym, performs all the roles of the investor desk. In particular, the investor relations arm reports directly to the chief executive and chief financial officers and its mission is to plan, manage and coordinate all activities towards attainment of Galp Energia's objectives for its relations with shareholders, institutional investors and financial analysts, among others, resulting in a coherent and complete perception of Galp Energia that will facilitate investor decisions. The fulfillment of this mission equates to providing the market with rigorous, regular and timely information about Galp Energia.

The DRICE brief also includes taking the necessary steps to comply with legal information requirements including the responsibility for preparing earnings and activity reports, for disclosing price sensitive information, for replying to requests for information

by investors, financial analysts and other market participants and for assisting the executive committee in addressing issues relating to Galp Energia's status as a public company.

In its advisory role to the executive committee, DRICE has structured the process for monitoring the performance on the market of the Galp Energia share as well as those of its peers. The department also provides support to both the CEO and CFO in their direct and regular contacts with financial analysts and institutional investors, both domestic and international, at conferences, investor presentations and one-to-one meetings.

Information provided

Galp Energia's communications policy with capital markets aims to provide all relevant information so that a well-founded judgment is formed about the Company's operations and earnings as well as its growth prospects, profitability and risks.



Capital Markets Day 2011 in Brazil

© Bruno Ryfer

To this end, Galp Energia promotes transparent and consistent communications supported by the principles followed in the disclosure of information and the explanation of the reasons for changes, if any, so as to ensure comparability of information between reporting periods.

All relevant information is preferably disclosed either before the NYSE Euronext Lisbon opens or after it closes, in both Portuguese and English, by means of CMVM's information disclosure system. Relevant information is disclosed so that the European community of investors may have a swift and cost-free access to information on a non-discriminatory basis through a technological platform that takes information to thousands of institutional and retail investors.

Relevant information is disclosed simultaneously on Galp Energia's own IR website and emailed to both retail and institutional investors who have expressly requested it.

Information disclosed to capital markets include quarterly and annual reports and presentations of earnings announcements, a summary of operating data for each calendar quarter fifteen days before the earnings announcement, the transcript of conference calls for earnings announcements, the consensus of quarterly earnings of analysts that cover the Galp Energia stock, releases of price-sensitive information and other supporting presentations of Galp Energia's activity, and the financial calendar with key dates for the year.

Ways of access

Galp Energia promotes a close relationship with the financial community by actively participating in meetings with institutional investors to disclose both the Company's current activity and strategy. In 2011, Galp Energia attended over 270 meetings in Europe, the United States and Canada, a third of which with the CEO and CFO, which reveals the commitment of top management to disclose the Company's objectives.

Electronic mail is also a key tool for the Company's communications with the market as it is one of the financial

community's preferred means to request information. The DRICE's email is investor.relations@galpennergia.com. In 2011 over 300 information requests were made through email.

The DRICE may also be contacted during the sessions of Euronext Lisbon by calling +351 217 240 866.

The website

Galp Energia has a website dedicated to the disclosure of corporate and financial information on the Group. The link to the website is <http://www.galpennergia.com/EN/Paginas/Home.aspx>.

Information made available on the investor relations website includes:

- a detailed description of Galp Energia's operations and strategy;
- reports and presentations of earnings announcements and transcriptions of the presentations;
- real-time publication of releases and appended presentations, if any, through CMVM's information disclosure system;
- section on corporate governance, which includes the Galp Energia corporate model, governing bodies, the articles of association, the corporate governance report, the code of ethics, risk management and the applicable legislation;
- details about each member of the executive committee and board of directors, with their profiles (curriculum vitae, picture and previous roles);
- section on Galp Energia share prices, including tracking against the PSI-20 and peer companies, the possibility to download historical prices and traded volumes and a calculator to estimate the amount and return on investment;
- list of equity analysts covering the Galp Energia stock, including the price target and a summary of the last recommendation;

- financial calendar with key dates for earnings announcements, dividend declarations and other events;
- area dedicated to the general meeting where all procedures are described and documents can be downloaded.

The investor relations website is available in Portuguese and English. All corporate information that is public and substantive is, as a rule, available on the website.

In its efforts to create a close relationship with the financial community, Galp Energia offers on its IR website the possibility to sign up a mailing list for news and other new content posted

on the website. The investor relations website fully complies with CMVM's recommendations on the use of the Internet as a way of disclosing corporate information.

Representative for market relations

Galp Energia's representative for market relations is Tiago Maria Ramires da Providência Villas-Boas, head of DRICE.

III.17 External auditors' total remuneration in 2011

External auditors' total remuneration, which was appointed in May 2011, for Galp Energia's group companies was, in 2011, 916,600 euros. The percentages and amounts for several services are detailed below:

1. Auditing services:
665,000 euros (73%)
2. Other services of reliability check:
213,609 euros (23%)
3. Tax consultancy services:
0 euros (0%)
4. Other services excluding auditing services:
37,991 euros (4%)

In financial 2011, services other than auditing (number 3 and 4 identified above) hired by the Company to the external auditor, including Group companies, accounted for 4% of the amount of services provided to the Company, percentage that was below recommended 30%.

Those services were hired to PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., before being appointed as the Company's external auditor. Therefore, its approval by the supervisory body is not required.

When hiring services to the external auditor, there are procedures to safeguard the independence of auditors by setting a strict definition of the services to be hired.

In addition, in order to safeguard the independence of the external auditor, the acquisition of any type of service that may jeopardise such independence is expressly prohibited.

The service proposals presented by the auditor are analysed and assessed and, if possible, checked with the market by the person in charge of the area (or company) that needs them and, as a result, depends on the amount of the proposal, by the director with the respective role or by the executive committee, which decides to hire those services.

III.18 Rotation period of the external auditor

The external auditor is hired for a three-year term, following a bid process.

In 2011, Galp Energia launched a bid process to hire an external auditor for the 2011-2013 term. In May, PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., was appointed.