



REGENERATING THE FUTURE

Integrated Management Report 2021

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SUSTAINABILITY



REGENERATING THE FUTURE

5.1 The pace of society evolution

As society changes, so do the needs. And the fast pace with which necessities arise means continuously challenging ourselves, companies, governments, and society. We are at a critical time, in a critical decade. There is an urgency to find a more sustainable path, towards what is being called a net-zero future.

Building a sustainable path means continuously looking for solutions to address the new challenges ahead, including the greatest challenges of all: delivering more energy to a growing society while reducing greenhouse gas emissions.

To overcome these challenges, companies more than ever need to combine commitments, policies, technology, and environmental, social and governance performance as criteria for their investment and management decisions. Companies are increasingly hinging their competitiveness on the alignment of their services, products, and business models with the opportunities arising from decarbonisation.

Accountability and transparency are also becoming competitive traits for a company. Companies must now respond to the growing sustainability disclosure demands from governments, regulators and initiatives. The EU Taxonomy is promoting a common language to classify the alignment of Company activities with sustainable activities, and the EU Corporate Sustainability Reporting Directive encourages the transparency of non-financial and climate change disclosures that are more consistent, comparable and reliable.

5.2 Transformation with responsibility

Galp's purpose is clear, regenerating the future and the portfolio of energy it produces and sells. And its sustainability journey reflects that.

The Company goal is to be both dynamic, providing innovative clean energy solutions, and caring, for the people and the planet. This double goal equally addresses Galp's aim to continuously create long-term value for its stakeholders, and to develop profitable and more sustainable businesses.

To deliver on its goal, Galp engages in being transformative, navigating the energy and just transition, and exploring exponential technologies and new energies, while also being responsible. Galp's ethical and responsible performance focuses essentially on four foundations:

- Reduce carbon emissions;
- Place people at the centre with a common purpose;
- Reduce the ecological footprint; and
- Develop a conscious business.

Because part of the transformation is to progressively promote transparency, Galp engages with a number of internationally established benchmarks and sustainability principles and discloses its non-financial performance aligned with internationally recognised voluntary reporting standards and frameworks:

- Value Reporting Foundation (VRF);

- Global Reporting Initiative (GRI);
- Sustainability Accounting Standards Board (SASB);
- World Economic Forum, Measuring Stakeholder Capitalism;
- Task Force on Climate-related Financial Disclosure (TCFD); and
- United Nations Global Compact (UNGC).

5.2 Transformation with responsibility



Galp's Integrated Management System was once again recognised for its operational excellence on its six dimensions: environment, quality, safety, energy, social responsibility, and business continuity. Galp is the first energy company in Portugal to obtain an external certification in these six dimensions since 2018.

Management's commitment

An effective management and an integrated approach to sustainable value creation requires having committed leadership, a clear strategy and a robust and strong governance. For Galp, these factors are considered fundamental to being a more resilient company, better prepared to respond to current and future challenges.

Galp's governance model is based on a decision-making culture that includes the assessment of risks and opportunities, which covers the entire life cycle of its operations – from the identification of the business opportunity to the decommissioning.



Specialised Committees



5.2 Transformation with responsibility

A clear and capable oversight of climate change

The climate and energy transition related risks and opportunities - over the short, medium and long term - integrate the Company's strategic formulation process and investment planning. These are overseen by the BoD and the Executive Committee, where the CEO is the designated member responsible for climate strategy. The Sustainability Committee, supported by the Risk Management Committee, is the board level committee responsible for climate related issues, being key in assisting the Board in integrating sustainability principles into the decision-making process and ensuring that the main risks and opportunities that we face are identified and continually managed. In addition, a Chief Sustainability Officer, the Head of Strategy and Sustainability Department, is responsible for the corporate management of sustainability risks - including those arising from climate change - and has the power to establish and propose assessment and monitoring methodologies, that are implemented in a coordinated effort with the business units and corporate Risk Management department, thereby ensuring that a plan of action is established to minimise and eliminate these risks.

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

Green classification of Galp's activities

EU Taxonomy classification

The EU Taxonomy is a green classification system which serves as a standardization basis to define what is an environmentally sustainable economic activity that make a substantial contribution to at least one of the environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

The Delegated Taxonomy Acts, that establish the criteria for activities to be considered sustainable, are living documents that still need to be added and updated in order to cover the other four environmental objectives, as well as other activities that by its nature should be considered in the list of sustainable economic activities.

In compliance with the Art. 8 Delegated Act, for the 2021 reporting, Galp discloses the proportion of Taxonomy-eligible and the proportion of Taxonomy non-eligible economic activities in its total turnover, capital and operating expenditure. Galp also discloses additional KPIs, including non-consolidated renewables business, that are considered eligible under the EU Taxonomy but due to consolidation criteria are excluded.

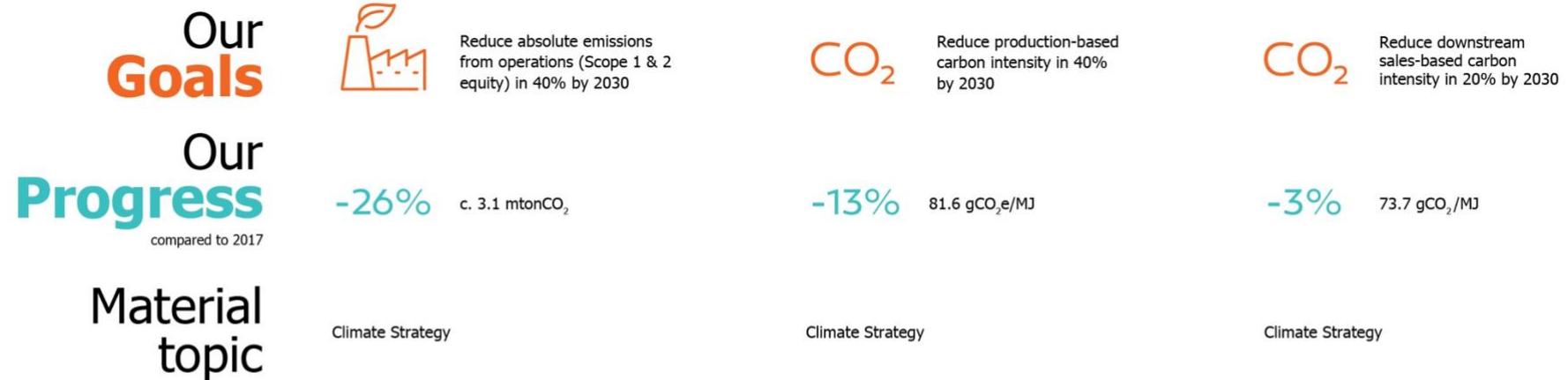
Further information about Galp's EU Taxonomy context and performance can be found in chapter 1 of Part IV - Appendices.

Galp Low Carbon capital allocation

In addition to the activities included on the above-mentioned EU taxonomy mandatory disclosure and additional KPIs, Galp considers other activities that, so far, are not eligible under the regulation but may contribute significantly to mitigate climate change, such as investments in the battery value chain, cogeneration, and CO₂ emission reduction projects in the Refinery (mainly efficiency energy).

Considering our green activities classification, Galp's strategic plan foresees c. 50% of the net capital expenditures planned during 2021-2025 to be allocated to low carbon activities which, from its perspective, reflects the ambition and commitment to the energy transition and the transformation to a carbon neutral value chain.

5.3 Approach to climate change



Our alignment with the SDGs

SDGs and key targets



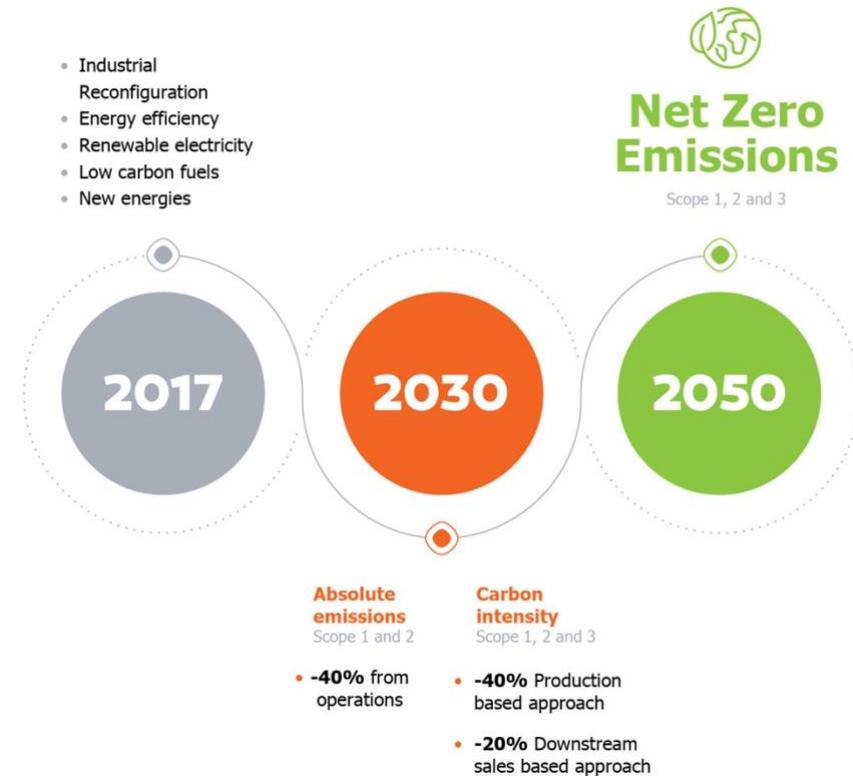
5.3 Approach to climate change

Galp's decarbonisation path

Efficiently decarbonising the economy, while promoting the energy transition, will play an important part in achieving a just transition.

The next decade is critical to get the world on the right track and Galp is aware of the fundamental part it must play in this sense. Besides having set a new purpose – “regenerate the future together”, Galp has set clear targets to reduce its emissions and its impact on climate.

In 2021, Galp announced targets for 2030 that include reducing both the direct emissions from its operations and the carbon intensities of the energy it sells and produces.



These climate targets by 2030 were defined considering the Company's belief in a fast-paced energy transition on which it has anchored its strategy, and the variables used in the emission, sales and production forecasts are aligned with the Company's long-term strategic development plan.

- 40% reduction in emissions from direct operations (scope 1 & 2). This includes Galp's equity share of emissions from all operations and geographies and echoes the efforts the Company is making in increasing efficiency and optimising its infrastructure. This target encompasses a

5.3 Approach to climate change

reduction of 50% reduction from the Company's industrial operations in Portugal.

- 40% reduction in the intensity of the energy produced by Galp. This metric represents the emissions produced per unit of energy generated in Galp's production portfolio (oil, gas, electricity, hydrogen, biofuels, etc.) and reflects the significant and quick increase in the production of renewable energy from its assets¹.
- 20% reduction in the intensity of the products sold by Galp. This indicator echoes the efforts to decarbonise the Company's portfolio and increased low-carbon offer to its customers, from hydrogen to renewable electricity¹.

Galp's 2030 targets are the first critical step towards the ambition of becoming a net zero company in 2050. From 2030 onwards, renewable energy production and sales must be strengthened and Galp's operations further decarbonised. By 2050 any residual emissions would be either be captured or neutralised using carbon offsets.

The targets were set in relation to a 2017 baseline, the year when Galp announced the diversification of its portfolio beyond oil and gas.

Performance against targets

In 2021, the positive evolution of Galp's carbon performance is a direct consequence of the restructuring of the Company's industrial infrastructure and closure of the Matosinhos refinery during the year, as well as the implementation of efficiency projects in the Sines site and from the purchase of

100% renewable electricity on all of Galp's operations in Portugal, which allowed for a significant reduction in operational emissions. Beyond these factors, the increase in electricity sales and in renewable electricity production contributed to the decrease in the carbon intensities of sales and production, respectively.

During 2021, Galp participated in the Climate Ambition Accelerator, an initiative from UN Global Compact, that leveraged the exchange of experience and promoted awareness regarding climate change.

¹ In both the carbon intensity metrics electricity is converted to a fossil equivalent using a primary energy factor that reflects the efficiency of thermoelectric production and connects primary and final energy. This factor indicates how much primary energy is used to generate a unit of electricity and is

meant to make the energy content of electricity and other fuels more comparable. In the sales metric, renewable electricity sold for electric mobility is multiplied by a factor of 4, to reflect the higher efficiency of electrical engines when compared to ICE, in line with current RED II guidelines.

5.3 Approach to climate change

Carbon intensity methodology

Galp recognises that the communication of its carbon metrics and methodologies is necessary to raise confidence and trust from stakeholders, and that there is a clear need to develop a common approach for the O&G sector. Galp is a member of the technical working group involved in the development of the Science Based Targets initiative (SBTi) for O&G (by CDP) and follows internationally recognised frameworks and guidance (e.g., GHG Protocol, IPIECA, SBTi O&G draft (link [here](#)) to account for its emissions and calculate carbon intensity. The Company's methodology (link [here](#)) is verified by an independent external expert. Whenever the SBTi guidance for the O&G sector becomes available, Galp will evaluate its application and the impacts on the current targets.

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

CO ₂ e emissions – scopes 1, 2 and 3		
	Unit	2021
Direct emissions - Scope 1		
Total	mtonCO₂e	3.2
Upstream	ktonCO ₂ e	490.2
Industrial & Energy Management	ktonCO ₂ e	2682.6
Commercial	ktonCO ₂ e	21.2
Renewables & New Businesses	-	-
Other	ktonCO ₂ e	4.7
Indirect emissions – Scope 2 (market based)		
Total	ktonCO₂e	9.1
Upstream	ktonCO ₂ e	0
Industrial & Energy Management	ktonCO ₂ e	8.5
Commercial	ktonCO ₂ e	0.6
Renewables & New Businesses	-	-
Other	ktonCO ₂ e	0.03
Indirect emissions – Scope 3		
Total	mtonCO₂e	46.3
Upstream	mtonCO ₂ e	3.1
Industrial & Energy Management	mtonCO ₂ e	36.2
Commercial	mtonCO ₂ e	6.9
Renewables & New Businesses	-	-
Other	ktonCO ₂ e	0.5
---or---		
Purchased good and services	mtonCO ₂ e	5.6
Fuel and energy-related activities	mtonCO ₂ e	1.1
Business travel	ktonCO ₂ e	0.5
Transportation and distribution (upstream+downstream)	mtonCO ₂ e	0.3
Processing of sold products	mtonCO ₂ e	1.5
Use of sold products	mtonCO ₂ e	37.8
Investments	mtonCO ₂ e	0

Note: Galp revised its carbon footprint boundaries to better align it with the emissions values used in the calculation of the carbon intensity metrics. Therefore, the emissions from non-operated Upstream assets were included in the scope 1 and 2 emissions calculation (previously accounted in Scope 3 – Category 15 – Investments); the calculation of the Scope 3

5.3 Approach to climate change

3 – Category 11: Use of sold product is aligned with IPIECA's throughput method; and the Scope 3 – Category 10: Processing of sold products was changed to solely reflect the processing of sold crude in refineries.

CO₂ pricing

Galp incorporates CO₂ and climate-related issues in its decision-making process.

The Company considers that carbon cost internalisation mechanisms such as carbon pricing are the most effective and efficient way to promote the decarbonisation of the economy on a global scale. These mechanisms can simultaneously cover all different decarbonisation technologies with the potential to drive cost-effective GHG emission reductions and promote a comparable impact assessment of the different available options, while securing technological neutrality.

When evaluating investments in new project developments, expansions or upgrades of existing assets, Galp stress tests the impact of the related CO₂ emissions in its metrics and targets before any investment decision. In making this analysis, the Company considers an internal carbon value that changes with time, varying from a present-day value that correlates with the current price of an EU-ETS allowance and increases in time to prices above 200€/tonCO₂e in 2050, ensuring the incorporation of a potential global carbon price and its temporal evolution.

Scenario analysis

By using a dynamic carbon price, Galp demonstrates that it is aware of the future potential changes in regulation, consumer and technological patterns and the risks associated with long-term business plan analysis.

Galp also considers different carbon prices in its scenario analysis, which are based on the international references and forecasts used in scenario modelling.

This allows the Company to stress test its long-term strategy and perform sensitivity analysis on the carbon price variable.

Physical and transition climate risk assessment

Galp has been working on the identification and quantification of physical (chronic and acute) and transition climate risks and their impact in its operations and value at risk, following the TCFD recommendations.

This analysis aims to assess the resilience of the Company's strategy to different climate scenarios and integrate the most relevant associated risks in the risk management framework, monitoring their evolution and defining any appropriate mitigation measures.

Galp's participation in industry associations

The energy transition entails companies, as well as the associations they join and in which they participate, reflecting their subscribed commitments. Therefore, Galp carried out an analysis of the main associations in which it participates regarding their climate positioning.

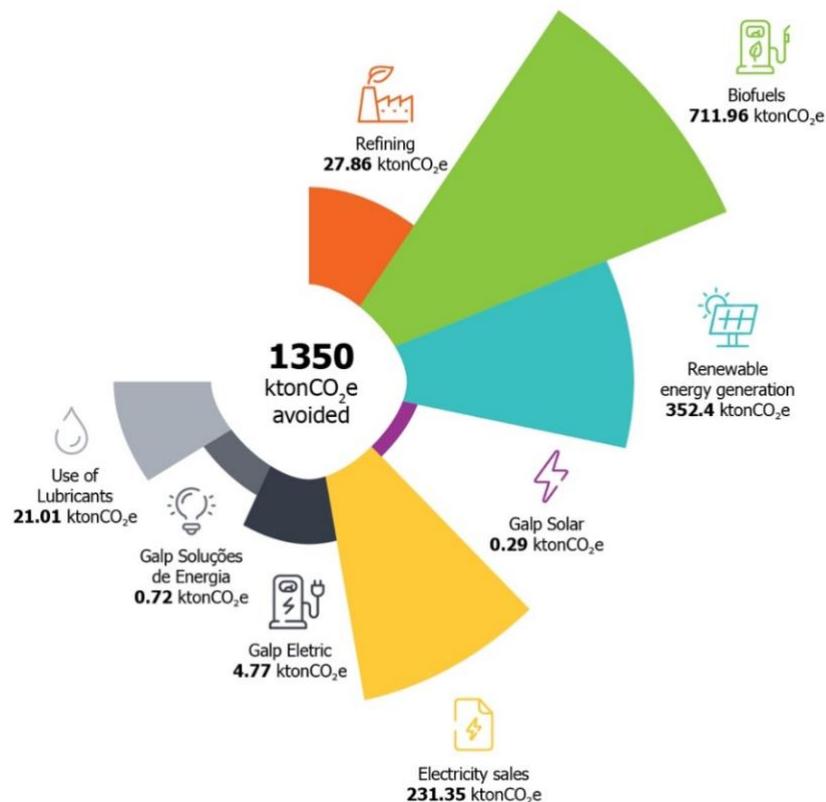
The main goals of the evaluation were to identify the sector associations that are aligned with Galp's purpose, vision, mission and values, with respect to sustainable development and thus to the Paris Agreement and the European Climate Law. Of the 20 associations selected, representing 75% of Galp's contribution to associations, 18 are fully aligned, 2 are partially aligned and none are misaligned. Learn more about Galp's Participation in Industry Associations - Climate Change (link [here](#)).

5.3 Approach to climate change

The road to decarbonisation

Avoided emissions

In 2021, Galp avoided the emission of approximately 1,350 ktonCO₂e through the implementation of energy efficiency measures in the refinery, the integration of biofuels, the production and sale of renewable energy, the supply of



decentralised energy production and energy efficiency services, and the delivery of electricity for electric mobility.

Upstream

Galp's Upstream portfolio is characterised by low carbon intensity and production costs. At 10.3 kgCO₂e/boe, close to half of the industry's average of 17.4 kgCO₂e/boe (IOGP average of 2020), supported on the highly efficient production units and practices deployed.

In 2021 the Company also made a Final Investment Decision to develop Phase 1 of the Bacalhau field in the pre-salt of the Brazilian Santos basin. This project is characterised by an innovative development concept, integrating a Combined-Cycle Gas Turbine system to increase the energy efficiency of the power generation, while decreasing emissions, resulting in an average carbon intensity of less than 9 kgCO₂e/bbl for the entire field's life cycle.

Industrial & Energy Management

Galp continued to focus on improving the energy efficiency of operations in its Sines Refinery, implementing several measures, including the excess air control in the furnaces, which reduced Natural Gas consumption and avoided 5.3 ktonCO₂e/year. The debottlenecking of the catalytic reforming unit allowed the increase of the unit load and the consequential generation of more H₂, avoiding 22.6 ktonCO₂e/year.

Several other actions to improve overall efficiency took place during 2021, such as the cleaning of the atmospheric distillation unit pre-heating train, which will allow the reduction of fuel consumption and avoid CO₂ emissions. The hydrocracker had a scale catcher installed, which will allow a reduction in

5.3 Approach to climate change

pressure drop and may permit longer cycles. Skimming was also performed in the Hydrocracker's first stage reactor, permitting a reduction in the steam consumption and consequentially in CO₂ emissions.

Our teams are continuously working to identify and implement new efficiency and emissions reduction projects and currently have identified several projects to be implemented by 2025, with an estimated investment of €32 m which will materialize energy savings of 113 GJ/h and avoid 53 ktonCO₂e/year.

In 2021, Galp started the production of advanced HVO, bioLPG and bionafta at its Sines Refinery. These low carbon products were obtained by co-processing in an HD unit. Additionally, Enerfuel produced c.24 kton of second-generation FAME biodiesel.

The Company continues to explore new ways of producing low-carbon fuels and is currently studying the possibility of integrating products derived from urban and forestry waste in its fuels and evaluating new opportunities in low-carbon maritime fuels.

During the year c.290,000 m³ of biofuels were integrated in the diesel (biodiesel and HVO) and gasoline (bioethanol) sold by the Company. This represents approximately 700 ktons of avoided CO₂ emissions.

In the 2021-25 period, Galp estimates to allocate over 50% of its investments within Industrial activities towards low carbon solutions.

Commercial

All the electricity sold by Galp to new B2C customers during 2021 was of renewable origin, adding to the over 15,000 clients that had already subscribed to the green electricity contracts in the previous year.

Also, in 2021, the following activities stood out:

- Galp electric mobility

The acquisition of Mobiletric in 2021 gave an extra impulse to rapidly increasing the network of charging points operated by Galp. By the end of the year these totalled 1,146 charging stations in Portugal and 40 in Spain, 197 of which are fast charging stations. Sales of electricity for mobility increased to 3.4 GWh and correspond to an estimated 4.8 ktons of avoided CO₂ emissions.

Through this transaction, Galp was therefore able to reinforce its leading market share position in Portugal and increase relevance in Spain.

- Galp Solar

Galp Solar continued growing its decentralised power business, reaching more than 4,000 clients and an installed capacity of c.13 MW. In 2021, the aggregated annual production from these facilities is estimated at approximately 1 GWh and is equivalent to 0.29 ktonCO₂e of avoided emissions.

- GSE (Galp Soluções de Energia)

GSE implemented energy efficiency solutions in 13 customers, helping to lower their energy consumption and providing energy from less intensive energy sources. These projects are estimated to have avoided 700 tonCO₂e.

- GoWithFlow

Galp's own start-up that offers integrated solutions for its customers in transition to electrification, including charging, fleet management and vehicle sharing systems now encompasses more than 8,000 mobility assets.

5.3 Approach to climate change

Savings related to GoWithFlow's services have avoided an estimated 3,250 tonCO_{2e}.

Renewables & New Businesses

Galp's renewable energy portfolio continued growing in 2021, a year marked by the expansion of the Company's renewables business outside of Iberia with the acquisition of two overseas projects in Brazil. These two projects, located in the states of Bahia and Rio Grande do Norte, add 594 MWp to Galp's solar project portfolio.

The year was also marked by the start of the construction of Galp's first large-scale solar PV project in Portugal. This 144 MWp project materialises Galp's commitment to transform the country's energy sector to a more sustainable model.

Current operating assets produced 1,288 GWh of electricity, corresponding to 352.4 ktonCO_{2e} of avoided emissions.

Innovating towards a low-carbon world

Aware of the fast pace at which trends and opportunities arise, Galp, in 2021, consolidated its commitment to innovation as a fundamental tool towards a low-carbon world, and reorganised its Innovation department in three centres (Production & Operations, Commercial and Renewables). Each centre focuses on building a portfolio of opportunities in the decarbonisation, optimisation, and digitalisation spaces, boosting the energy transition of the Company's different business units, including monitoring high-impact trends and opportunities, and identifying ideas and solutions that can lead to new services and products whilst simultaneously boosting the innovation mindset, collaboration and the overall culture.

Partnering to boost innovation

Innovation and technology will be the future, and as Galp changes its portfolio, the needs for partnering arise.

Galp launched the Upcoming Energies platform in 2021 with the aim of accelerating the innovation ecosystem, redefining the energy business, and helping people's lives. The platform comes as a response to this challenge and will be present in the Portuguese and Brazilian ecosystem, opening doors to future Galp network projects in ten countries, for now. Upcoming Energies will invest up to €180 m in Research, Development, and Innovation projects during the 2021-25 period.

The concept of Upcoming Energies is to establish an open door to the external community of research, development and innovation (R&D+I), based on targets, collaborative programmes, materialised projects with start-ups, suppliers, universities and partners, as well as with new stakeholders that will come to integrate the innovation ecosystem in the energy sector.

Simultaneously, the Innovation Studio, a pool of innovation experts to boost projects with tools and methodologies, will work across the different innovation centres and initiatives to i) accelerate the development process of new products/services; ii) conceive, test & validate through innovation methodologies & tools; iii) work with talented entrepreneurs & venture builders.

Overall, in 2021, 77 partners were engaged in projects, culminating in 6 acceleration programs, 18 pilots and 25 projects closed. The main topics covered in these projects were sustainability, digital, production optimisation, operations enhancement and new energies engagement.

5.3 Approach to climate change

Other innovative projects

Galp is committed to develop innovative and scalable solutions that boost the new energy agenda and fully deliver for the low-carbon economy. This is why, during 2021, Galp continued to implement innovation projects throughout its business areas:

- **Drones for solar plant performance monitoring**
Deploying drones and aircraft to inspect and monitor solar PV plants, to improve anomaly detection and maintenance intervention planning.
- **Geological storing of CO₂ in strategic territories**
Galp joined the pan-European consortium PilotSTRATEGY - CO₂ Geological Pilots in Strategic Territories to study the geological storage of CO₂ in deep saline aquifers in industrial regions in Southern and Eastern Europe.
- **NetMIX Projects**
Projects using the NETmix catalytic reactor to sequester CO₂ in hydrates and then convert CO₂ into CH₄ to boost decarbonisation in industrial processes and to continuously produce liquid hydrocarbons from synthesis gas (CO and H₂).
- **Low-carbon fuels**
Galp launched Bio4Portugal, a project focused on using lignocellulosic residues for low-carbon fuel production for the transport sector, aiming to develop and demonstrate the viability of a biorefinery to produce advanced bioethanol exclusively from forest residues.
- **Electric mobility**
The V2G Azores project received the Regulator's (ERSE) recognition and approval under Art. 95 of the Electric Mobility Regulation Framework. The

10 EVs in the project have so far consumed 82 MWh and injected 45 MWh back on the grid, and the associated business model is under preparation.

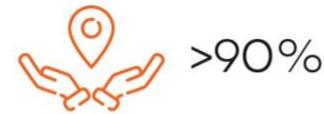
- **Energy storage**
In partnership with Galp Solar, Galp's Innovation team is working on a set of pilot projects focusing on coupling storage with Solar PV for B2C and B2B clients. The aim of the project is to test smart batteries as an add-on product in the Iberian market, reinforcing our offer of decentralised energy solutions and developing a proper sizing calculator tool to couple PV with batteries, evaluating the possibility and profitability of providing ancillary services to the grid.
- **Hybridization of solar PV plants with wind turbines**
After techno-economic validation, Galp is working on hybridizing some of its renewable energy generation assets. On top of boosting the profitability of those assets, this also brings better utilization of the transmission infrastructure. Galp is now looking into further hybridization using new technologies like large scale energy storage.

5.4 People at the centre

Our Goals



Engagement level aligned with 55 high-performing organisations globally, as per Korn Ferry's study



Local hiring



Our Progress



Talent Attraction and Retention



Local Community Development



Development of Human Capital

Material topic

Our alignment with the SDGs

SDGs and key targets



5
GENDER
EQUALITY

Target 5.1: End all forms of discrimination against all women and girls
Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making



8
DECENT WORK
AND
ECONOMIC
GROWTH

Target 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
Target 8.6: Substantially reduce the proportion of youth not in employment, education or training



9
INDUSTRY,
INNOVATION
AND
INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialisation

5.4 People at the centre

6,152

Employees

56

Nationalities

10



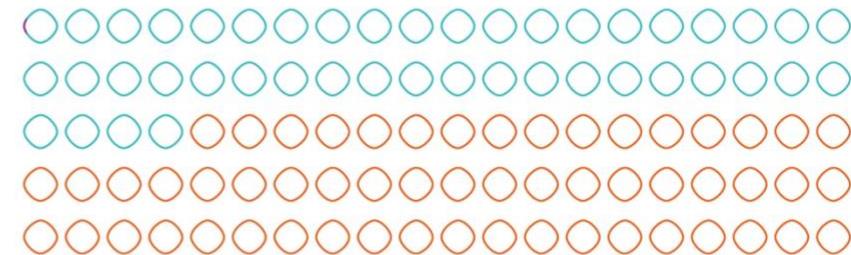
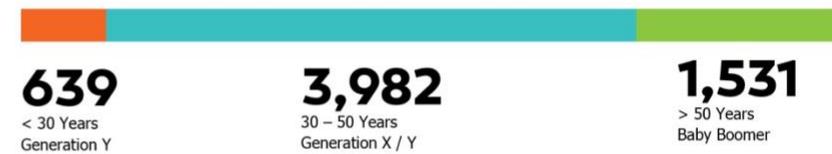
Countries

Distribution by Region



3,282 Portugal 2,295 Spain 491 Africa
75 Brazil 9 Rest of the World

Distribution by age



23.5% Women in BoD 2,711 Women 3,441 Men

278 

In

337 

Out

5.4 People at the centre

Human relations are the most exponential technology

Full human potential is intrinsically linked with sustainable development, as it is needed to foster life-long opportunities, promote knowledge and skills, foster diversity and inclusion, promote well-being, and ensure the respect of human rights.

Galp believes in managing talent and human potential through an integrated approach, strongly rooted in recruitment, integration, performance management, reward, recognition, learning and training, mobility, well-being and Company's values, as well as with the sustainability of the future and the present, in particular the just transition.

Galp is building a new story together and has a new set of principles to drive the Company culture forward, as One Galp.

Galp is...



change agile

it is innovative, agile and always learning and looking for opportunities for growth



internally aligned

works as One Team, promoting trust, transparency and respect at all times



externally focused

it is customer centric and focus our efforts on meeting customer's needs



results and improvement driven

always takes accountability and ownership of the outcomes and is passionate about delivering and self-improve

5.4 People at the centre

Empowering People

During 2021, Galp defined a clear purpose when it comes to its employees: “Reenergise our People”. This means making Galp a great place to work, in which people thrive to their ultimate potential, by means of empowerment and trust-building, working smartly, productively and in a balanced way. A place with an open, engaging, and dynamic culture, where everyone enjoys challenging jobs and is encouraged to take risks and try new things.

Flexible work schemes

Galp is changing the way to work, having implemented a new hybrid model for a new Galp. This means increasing flexibility between remote and in-office in order to promote a better work-life balance.

Simplified people management processes

Galp simplified its people management processes, hoping to create a more dynamic environment and empowering the organisation.

Fair compensation aligned with market best-practices

A good compensation framework needs to be consistent and fair; it needs to be competitive externally, and it needs to reward the good performers. Therefore, Galp performed an extensive market benchmark for every geography where the Company operates and with relevant peer companies, and set its position to be a top-half payer for similar roles, positioning its pay in the second quartile.

Diversity and inclusion

The business case for diversity and inclusion is growing stronger and Galp is actively taking action to create a long-lasting diverse and inclusive culture, in all its aspects – gender diversity, LGTBIQ +, different capacities, senior talent, and experiential and cognitive diversity – and making the Company a great place to work.

In 2021, Galp was recognised by the Human Resources Portugal Awards in the category Diversity and Inclusion. Also, Galp was once again selected by the Bloomberg Gender Equality Index for the excellence of its gender and equality practices, along with 380 companies.

In 2021, Galp reviewed its People Strategy, with a dedicated workstream for diversity and inclusion, which launched an internal and voluntary survey to all employees to understand what they consider most important.

Gender equality

Galp set the goal to work on an accelerated convergence to gender parity, by 2030, in all management and non-management positions.

With more than 40% of employees being female, the Company’s commitments to gender equality are particularly addressed by Galp’s active participation in the IGEN Forum (Organisations for Equality Forum), “Gender Equality Target” working group from the UN Global Compact and in the continuous work developed by a permanent and multidisciplinary internal taskforce.

5.4 People at the centre

People with disabilities

Galp works alongside institutions such as the Red Cross and Fundação La Caixa to hire people with disabilities. Galp, in Portugal, is a part of the Inclusive Community in Forum and, in Spain, Galp joined the Adecco Foundation disability awareness campaign.

As of December 31st, 2021, Galp had 6,152 employees.

Professional category	Age			Gender		Nationality	
	<30 years	30-50 years	>50 years	Female	Male	Portuguese	Other
Top management	0	155	88	61	182	189	54
First line management	5	345	138	180	308	362	126
Experts	167	1,035	388	642	948	1,005	585
Other	467	2,447	917	1,828	2,003	1,512	2,319
Total	639	3,982	1,531	2,711	3,441	3,068	3,084

Managing talent and potential

Attracting new generations of professionals

To address the new challenges ahead, from different viewpoints and experiences, Galp is fully aware of the potential of attracting young talent, and has been consistently promoting its trainee programme, Generation Galp.

Its 2021 edition welcomed a group of 47 trainees, 38 in Portugal and 9 in Spain, 64% of which are women and 36% are men. For the first time, Generation Galp programme was launched in Mozambique to attract and train promising young Mozambicans up to the age of 30. Under the motto #BringYourEnergy, Galp in Mozambique welcomed six trainees in six different Company departments.

In 2021, Galp launched the first edition of "Ready. Set. Galp", a student internship programme for developing and training young talents. A group of 16 students with different backgrounds and aspirations enrolled for this first edition.

At Galp we believe in empowering our employees, letting them be the protagonists of their own development. This means giving our employees detailed information regarding the approaches, methodologies and tools we have at our disposal, across the entire company and in each business unit.

Galp's 70-20-10 learning strategy (Do, Share, Know) allows employees to explore, in an integrated way, their learning and development potential, sustaining change where the company expects it to effectively happen in the day-to-day, thus promoting the personalised development of skills for the future.

In 2021, Galp was once again recognised by the Human Resources Awards Portugal, in the Academies category.

5.4 People at the centre

	Hours of training			Hours of training per employee (average)			Investment in training (€m)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Female	76,056	63,665	71,521	27.5	24.4	26.4	-	-	-
Male	125,798	105,703	110,134	33.7	30.2	32.0	-	-	-
Total	201,854	169,368	181,655	31.1	27.7	29.5	3.0	1.3	1.8

Promoting exponential knowledge and reskilling talent

As the pace of energy transition accelerates, so does the need to carefully plan and ensure the social dimension of the just transition, in particular, promoting, reskilling and nurturing talent.

- Digital literacy programme**
Galp launched a new digital literacy programme, called Let's Get Digital, on g-loud (the Company's intranet) adapted for its people and with the promise of accelerating digitisation within the Company.
- Leading@Galp**
Leaders play a big role in transforming Galp. The Leading@Galp programme focuses on accelerating the development of future leadership skills and is focused on self-knowledge, experience sharing and skills for the future.
- Mentoring at Galp**
Development tool promoted with the goal of enhancing the mentees' ability to influence their career paths, according to their profiles, motivations and ambitions.
- Singularity University**
Galp, as a founding member of Singularity University in Portugal, is exploring upcoming changes and disruptions, developing an open mindset

for technological advancements and responding to society's major global challenges, in particular, regarding the future of energy and clean tech.

- Tech Boost Programme**
With this course, Galp aims to promote knowledge in identifying and using data to guide and inform business decisions. 51 professionals participated in this programme in 2021.

Galp has also joined the People working group from Business Roundtable Portugal with the goal, amongst others, of contributing to the paradigm change of employee requalification. Galp's participation in this working group is particularly targeted at defining requalification needs for excellency in sales, software programming and green jobs.

Promoting our People's potential

In 2021, Galp implemented a new performance and potential evaluation model with the aim of guaranteeing a closer alignment between employee performance and the Company's values and purpose. We continue to promote 360° feedback and People Days dedicated to reflecting and debating the performance, potential and development needs of our people.

100% of employees were covered by performance appraisals in 2021.

Promoting internal mobility

For Galp, the benefits of internal mobility for people and teams are clear. This development opportunity allows employees to diversify experiences, build their network and become more agile. Galp's internal mobility programme is part of the Company's integrated approach to the development of employees and their careers.

5.4 People at the centre

In 2021, Galp registered 170 people changing between departments, originating in over 30 departments and with new allocations to over 40 departments.

Communicating with employees

Understanding how employees feel and think about Galp is crucial for the Company. Galp gathers continuous feedback through an annual employee engagement survey – the “People survey”, which in 2021 had an 82% employee participation rate. It is worthwhile highlighting that 83% of our employees feel proud of working in the Company and 92% feel they are treated with respect.

During 2021, Galp promoted the “Galp Town Hall”, an event in which members of the Board address specific topics and engage in sessions of Q&A with employees. 25 external and internal events were held in 2021, with more than 7,711 people impacted.

Employee well-being

In a year still characterised by the Covid-19 pandemic, Galp has oriented its health activity to prevent and mitigate the risks associated with the disease, to ensure a safe and healthy work environment for all its employees, to serve its customers, and for the resilience of its operations.

Mental and physical well-being

With a clear focus on employee mental well-being, Galp promoted meditation sessions and provided psychological support services, entirely free of charge.

Also, GAP and Pilates workout sessions were provided to employees, to increase mobility, prevent injuries and strengthen motion.

Health centre

In 2021, Galp concentrated its occupational medicine and curative medicine services in Lisbon in a single space that, in addition to being optimised, is now used by employees, retired employees, and their families.

The medical centre has a number of services available: internal and occupational medicine, dentistry, gynaecology, ophthalmology, cardiology, neurology, otorhinolaryngology, urology and nutrition.

Impact on the community

Charting a common path, with the necessary balance between growth and the well-being of the population, their needs, both actual and future, and the preservation of ecosystems, is a commitment Galp makes to communities and the environment where it operates.

Galp, considering each context and geography where it operates, develops investment plans with the goal of creating shared value for society. The role the Company assumes is to be influential in the promotion of sustainable development, aligned with society’s needs and demands, the just transition and the Sustainable Development Goals.

5.4 People at the centre

Social licence to operate

All projects in production and development phases are subject to consultation with communities and other stakeholders.

Aware of the impacts of its activities, Galp takes great care in obtaining a social licence to operate, continuously looking for the approval of the local community and other stakeholders and broad social acceptance, and making sure its activities are conducted according to the highest possible standards.

For Galp, it is decisive to understand the expectations of the local community. Therefore, the Company identifies, analyses, estimates, assesses and monitors these expectations through an appropriate stakeholder consultation and engagement process, including grievance mechanisms suited to each phase of the project.

- **São Tomé and Príncipe**

In 2021, in São Tomé and Príncipe, Galp, as a responsible operator, developed a stakeholder engagement plan for drilling activities at a well, together with Shell and the National Petroleum Agency.

In addition, Galp followed up the work initiated in 2020 to support the local community, through social projects. In 2021, the engagement with different stakeholders, such as the government, local municipalities and schools, was continued and construction of the social project was started. An example of this was the start of the refurbishment of the school, together with the construction of a new sports infrastructure in the town of Madalena, which are still ongoing.

Investing in the community to generate impact

Galp takes on the challenge of being a key partner to the communities where it operates, developing initiatives adapted to the specific communities, with the goal of promoting permanent and transformational results.

5.4 People at the centre

We play an influential role in local sustainable development, promoting well-being through social projects, primarily promoting access to energy and education, reinforcing Galp's contribution to the achievement of the Sustainable Development Goals (SDGs). Galp has identified these causes by considering three strategic areas, which resulted in community initiatives:



Sustainable energy and biodiversity protection

To promote the development of communities through the access to energy and to contribute to the preservation and enhancement of the planet's natural resources

Sustainable energy and natural resources protection

Until 2021

- **Enabling access to renewable energy in rural areas of Mozambique** | Ensure electricity to 123 infrastructures (public lighting, schools, health units and domestic homes); around 6,000 Mozambicans impacted; estimated reduction of 54 tonnes of CO₂/year
- **Clean energy for cooking in Guinea Bissau and Mozambique** | +220,000 inhabitants; +100 thousand hectares of deforestation avoided; +530 thousand tonnes of CO₂ avoided

Reforest and promote the preservation of biodiversity

Until 2021

- **500,000 native species of trees planted** in Portugal, with the potential of 42.5 kton CO₂ sequestered over the next 30 years

Target in 2025

- +20,000 Mozambicans impacted in community development programs for biodiversity protection
- +280 Mozambicans impacted in coral reef conservation initiatives



950 beneficiary entities



Education and Knowledge

To promote the access to inclusive and quality education, entrepreneurship and social innovation

Construction and improvement of basic infrastructures (classrooms, libraries, sports facilities)

Until 2021

29 infrastructures completed.

Target in 2025

Achieve 100 new infrastructures in African countries.

Access to education and promotion of equal opportunities

In 2021

7,736 people impacted; 3,200 computers and other technologic devices provided; 1,065 Scholarships

Target in 2025

Plus 39,171 people impacted

Training and skills development within the scope of energy and sustainable development

Impact in 2021 — since 2010 up to 2021

- + 2.0 million students and teachers impacted
 - + 17,070 schools
 - + 5,000 energy classes
- (In 2021, 38,899 students & teachers and 824 schools)

Target in 2025

Plus 100,000 students & teachers and 1,845 schools.



1,503 thousand direct beneficiaries



Social Emergencies

To support communities in unexpected situations, through humanitarian aid, in cooperation and partnership

Social support and humanitarian aid

Impact in 2021

- + 1,452,764 people helped

COVID 19 | Food emergency response

"Every step counts" challenge, "one kilometer, one meal"

- 2.2 tons of goods (food & water purifiers) distributed in 9 locations in Sofala Province, Mozambique.
- 1,100,000 people received meals assistance in Portugal
- 500 orphan children received support in Eswatini
- 1,000 families in Brazil received meals assistance

Displaced Communities in Cabo Delgado, MZ

Target 2021/2022

- Provision of Fuel for the vehicles on the terrain and LPG for the kitchen in order to help in the confection of food for the IDPs affected by the conflicted in Cabo Delgado | 300,000 direct & indirect beneficiaries, with Makobo platform NGO
- Access to quality education, nutrition and women empowerment. Construction of classrooms & restauration of damaged infrastructures due to the armed conflict in the region | 3,674 direct beneficiaries (students, teachers); +10,277 indirect beneficiaries, with Helpo NGO and Camões Institute
- Activation of Community and Institutional Networks for the Protection of Displaced School-age Children and Young People - Miéze | 25,582 beneficiaries (students, teachers), with Helpo NGO and Camões Institute



797 volunteers

1,298 h of volunteering

5.4 People at the centre

Responding to climate emergency partnering with younger generations

Galp is reinforcing its commitment to social innovation initiatives, the goal of which is to achieve a greener future and respond to the climate emergency.

- Apps for Good | New Climate Action and Wellbeing Programme
Technological education programme implemented by CDI Portugal - an NGO for social inclusion and digital innovation - to challenge young students to create a technology product that addresses a climate issue impacting their community.
- Triggers Acceleration Programme
To stimulate the generation of environmental impact ideas, this program, promoted by the Santa Casa da Misericórdia de Lisboa (Casa do Impacto), gives voice to 25 start-ups with innovative projects.

Restoring humanity to the communities

- Helping people affected by the Ukrainian conflict
Galp is an active part in helping those affected by the war and energy crisis in Europe, resulting from the Ukrainian and Russian conflict. A donation of €2.5 m to the Red Cross and the cost of fuel for humanitarian flights that transport Ukrainian refugees to Portugal was supported by Galp. In addition, a set of initiatives including partnerships for the supply of energy and goods (donation of welcome kits, food and essential goods) to refugee centres, school grants for young Ukrainians and a trainee program designed for Ukrainian refugees are also in the pipeline. In total, Galp will allocate €6.5 m for humanitarian support and engage with several partners such as the Red Cross, the Government, Municipalities and companies to assure an agile response.

- Helping families with meals assistance
The "Every Step Counts" movement, launched by Galp, resulted in more than 1 million meals delivered during 2021. The movement "one kilometre for a meal" challenged people, Galp's employees and society in general, to make their steps count for a good cause and was recognised by APEE with an honourable mention in the Community category.
- Helping displaced citizens in Mozambique
Galp supported the integration of internally displaced citizens in Mozambique as a result of the armed conflict, in a partnership with Camões Institute and the NGO HELPO, by providing emergency support, survival kits and with the creation of infrastructures essential for integration.
- Bringing solar energy to schools
Integrated in the Galp Education Programme for Energy Transition and Climate Response, "Energy Up", Galp Foundation and Galp Solar challenge Portuguese schools to present their energy efficiency and sustainable mobility projects. The winner receives a photo-voltaic installation.

5.4 People at the centre

Measuring our impact

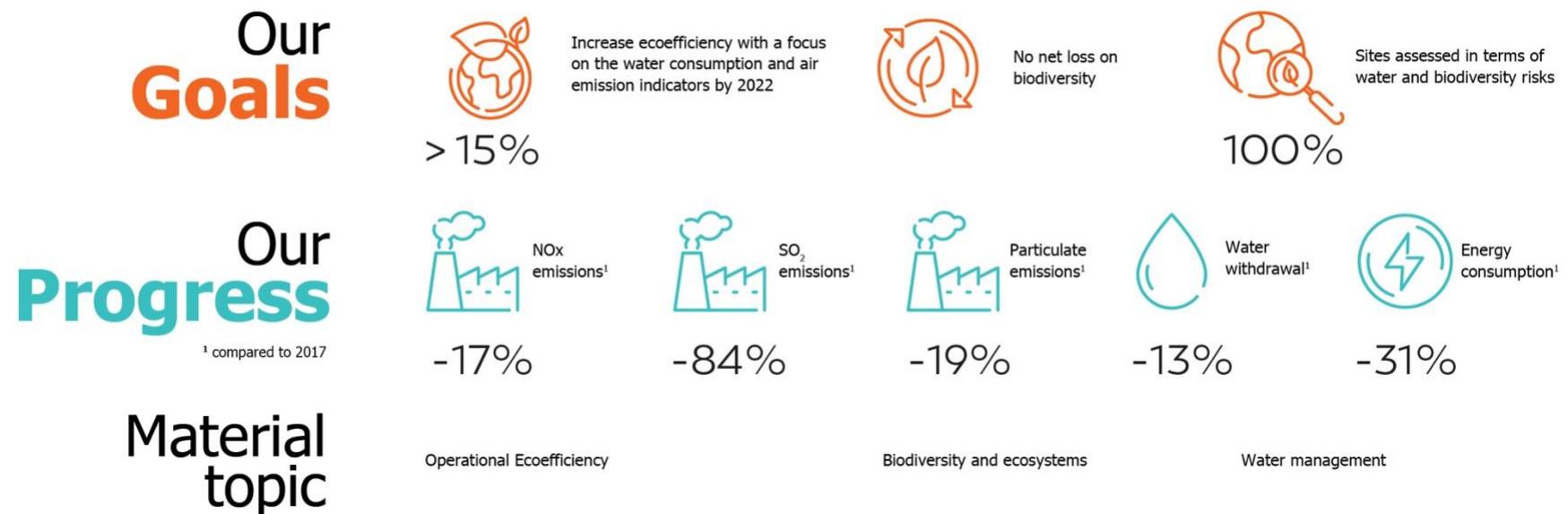
Ensuring full transparency, Galp assesses the social impact of its projects, monitoring its returns in terms of benefits to the community, in relation to the defined social objectives and using the methodology of the Business for Societal Impact (B4SI), previously known as the London Benchmarking Group.

Galp also tracks its community investment per SDG. In 2021, most of these initiatives were aligned either with Galp's community strategy or with SDG 4: Quality Education (85%), followed by SDG 17: Partnership for the Goals (7%).

Motivation (€m)	
Donations	0.7
Community investment	22.9
Commercial initiatives in the community	1.2
Motivation (€m)	
Europe	2.7
Middle East and Africa	1.2
South America	21
Total (€m)	
	24.8
Volunteering	
Number of volunteers	797
Volunteering hours (Galp employees)	1,298

In 2021, 13% of Galp's employees volunteered for community initiatives, a performance above average when comparing to B4SI network average of 7.6%.

5.5 Reducing the ecological footprint



Our alignment with the SDGs

SDGs and key targets



6
CLEAN WATER AND SANITATION

Target 6.4: Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity



9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.2: Promote inclusive and sustainable industrialization



12
RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.2: Achieve sustainable management and efficient use of natural resources
Target 12.4: Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle
Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling, and reuse



15
LIFE ON LAND

Target 15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

5.5 Reducing the ecological footprint

Galp is committed to the continuous improvement of performance, promoting the adoption of the best available technologies, setting goals and targets, and periodically monitoring performance in all geographies, subject to third party reviews. Galp implements efficiency measures for the use and management of resources in all phases of the life cycle of installations, products and services, from the conception and design, operation and useful life, to the end of life and decommissioning.

	2018	2019	2020	2021	of which, Refining ¹
Direct energy consumption by primary sources (TJ)	41,688	40,906	38,863	34,249	99%
Purchase of electricity (TJ)	1,771	1,597	1,558	1,389	82%
Total raw water withdrawal (10 ³ m ³)	10,319	10,774	9,881	9,435	88%
Wastewater (10 ³ m ³)	6,455	5,989	5,913	5,822	90%
Waste produced (ton)	44,203	39,674	27,894	20,355	58%
Number of primary containment losses that impacted the environment ²	8	3	7	11	9%
Volume of primary containment losses that impacted the environment (m ³) ²	14	61	302	44	0.5%
GHG Emissions under the European Union Emissions Trading System (tonCO ₂ e)	3,216,219	3,258,709	3,067,805	2,674,058	100%
NOx emissions (ton)	1,530	1,458	1,384	1,349	97%
SO ₂ emissions (ton)	3,957	3,069	1,113	922	99%
Particulate emissions (ton)	221	243	182	183	99%
Methane emissions (ton)	n.d.	n.d.	682	491	24%
Production Carbon Intensity (gCO ₂ e/MJ)	89.4	87.3	82.5	81.6	-
Downstream sales Carbon Intensity (gCO ₂ e/MJ)	75.2	74.8	74.9	73.7	-
Carbon Footprint – Direct Emissions (tonCO ₂ e) (scope 1) ³	3,700,186	3,745,540	3,591,892	3,198,740	84%
Carbon Footprint – Indirect Emissions (tonCO ₂ e) (scope 2 – market based) ³	133,516	112,504	42,026	9,149	0%
Flaring gas – Upstream (Mm ³)	55.3	50.0	40.2	34.5	0%

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

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

³ Galp revised its carbon footprint boundaries to better align it with the emissions values used in the calculation of the carbon intensity metrics. Therefore, the emissions from non-operated Upstream assets were included in the scope 1 and 2 emissions calculation (previously accounted in Scope 3 – Category 15 – Investments). Historical figures 2018, 2019 and 2020 reflecting the new methodology calculation.

5.5 Reducing the ecological footprint

Protecting water resources

Galp promotes an efficient and responsible use of water across all operations, monitoring water risks in 100% of them. As water is a material topic getting higher relevance within the scope of our current and future activities, in 2021, the assessment tool was updated, guarantying a more accurate and transparent report. From the global universe of Galp's facilities, 19% are located in areas with high overall water risk and 9% in areas with extremely high overall water risk, according to the WRI Aqueduct Water Tool, developed by World Resources Institute (WRI).

Galp acts responsibly and proactively to protect water resources, safeguarding their quality and availability in the ecosystems. In 2021, 14% of water was recovered in Galp operations.

In addition to the appropriate management of Galp's potential impact in this domain, Galp regularly and transparently communicates the mapping of its operations, according to the risk associated with the water use (link [here](#)). The mapping carried out in 2021 showed that 9% of our operations are located in areas with extremely high overall water risk, representing only 0.06% of Galp's total water consumption. The sites located in areas with high overall water risk, represent 71% of Galp's total water consumption, mainly due to the representativeness of the Sines Refinery.

In refining, where water consumption represents 88% of the total water used in the Company's operations, Galp has adopted efficiency measures to reduce water consumption, improve wastewater treatment, and reduce associated discharges. Reuse and recycling water measures are currently implemented in the refinery, such as the reuse of water in the fire and garden water systems and the reuse of process water, totalizing 15% of total water recycled. Several recycling water projects are being developed in the refinery, namely the

installation of a tertiary treatment of the industrial effluent to increase the amount of wastewater recycled. The quality of underground water resources is also monitored through a systematic and periodic control. Therefore, despite the high consumption, water is a priority and material topic for the refinery.

Protecting biodiversity, habitats and species

Galp is committed to protecting biodiversity and ecosystems across all geographies where it operates, ensuring the preservation of natural areas and species throughout the lifecycle of projects.

We have pledged not to operate, explore, mine or drill in World Heritage sites and categories I-IV protected areas of the IUCN (International Union for Conservation of Nature).

Our commitments are based on internal standards and procedures, aligned with the IMO (International Maritime Organisation), IOGP and IPIECA (Global Oil and Gas Industry Association for Environmental and Social Issues) guidelines, focusing on a better integration of biodiversity into environmental impact assessments and the identification and implementation of appropriate solutions for managing activities in potentially sensitive areas of biodiversity.

All projects are monitored and assessed in terms of their environmental impact, following the mitigation hierarchy (avoid, minimise, restore and compensate) in areas where we operate that are sites of globally or nationally relevant biodiversity.

An annual mapping of biodiversity preservation and protection areas around Galp facilities, up to a 50 km radius, is carried out, using the IBAT (Integrated Biodiversity Assessment Tool), to identify risks and impacts on biodiversity. The

5.5 Reducing the ecological footprint

number of threatened species in areas surrounding our operations is also monitored according to the IUCN Red List.

None of our biofuel, cogeneration and refining operations are in areas of significant biodiversity relevance. For this analysis, the Key Biodiversity Areas (Alliance for Zero Extinction Sites and Important Bird and Biodiversity Areas) and the protected areas by the IUCN, Natura 2000 Network, Ramsar and UNESCO's World Heritage sites were considered. Only 4 out of the 85 Galp sites, equivalent to 4.7%, are located (in situ) in areas of significant biodiversity relevance: ParkAlgar Solar Park and Mitrena and CLCM Storage Facilities in Portugal and the LNG Plant (Rovuma) in Mozambique. More detailed information can be consulted in Galp's Biodiversity Risk Assessment 2021 (link [here](#)).

- **Non-operated blocks**

Respecting the commitments established in the joint ventures, the partners who manage the blocks not operated by Galp develop a set of initiatives to promote and preserve biodiversity. Over the last years, in the Santos Basin in Brazil, more than 11,300 birds, turtles and mammals have benefited from veterinary treatment.

- **Renewables**

To ensure biodiversity protection and social acceptance in renewables projects, both in new and implemented projects, a taskforce was created in 2021 to define a strategy and roadmap that addresses Galp's main concerns as well as those of stakeholders and local communities. Galp believes that by defining a structured biodiversity and social acceptance programme for its Renewables business, the Company can fully integrate society's needs with those of the energy transition.

Reducing deforestation

Galp is committed to reducing deforestation associated with commodities it produces. The main focus is to avoid all deforestation of indigenous species and compensate with future reforestation, wherever it is impossible to evade deforestation. Galp's current target is to implement all our Environmental Impact Declarations conditions and ensure full implementation of our no net deforestation initiatives.

In 2021, Galp's target was to implement 15 new projects with 8 of them avoiding deforestation and 7 requiring deforestation compensation measures. However, only 6 of the 15 projects were implemented, 1 avoiding deforestation and 5 requiring deforestation compensation measures such as the plantation of 2 ha of cork oaks in the Algarve region of Portugal. For 2022, Galp plans to implement 19 new projects, all of them avoiding deforestation.

	2020	2021	Target 2021	Target 2022
Number of sites that avoided deforestation	18	1	8	19
Number of sites that required deforestation compensation measures	19	5	7	0

Promoting circular economy

Galp aims to produce low-carbon energy, increasing the input of secondary raw materials in the development of new products, obtaining economic and environmental advantages, and promoting a circular economy.

5.5 Reducing the ecological footprint

By transforming Sines from a grey refinery to a green energy hub in 2030, Galp will be able to develop high-return efficiency projects that incorporate reused materials to produce low-carbon products.

5.6 Developing a conscious business

Our Goals



Galp Universe with the Human Rights assessment completed (most representative geographies)



Accident Frequency Index (IFA)



Tier 1 supplier evaluated in terms of ESG

Our Progress



Human Rights



Safety



Sustainable Supply Chain Management

Material topic

Our alignment with the SDGs

SDGs and key targets



8
DECENT WORK
AND ECONOMIC
GROWTH

Target 8.8: protect labor rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment



16
PEACE, JUSTICE
AND STRONG
INSTITUTIONS

Target 16.5: substantially reduce corruption and bribery in all its forms

Target 16.6: develop effective, accountable and transparent institutions at all levels

Target 16.b: promote and enforce non-discriminatory laws and policies for sustainable development



17
PARTNERSHIPS
FOR THE
GOALS

Target 17.16: enhance the global partnership for sustainable development complemented by multi stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals

5.6 Developing a conscious business

Culture of transparency and ethics

Ethics are non-negotiable at Galp

Ethics is a fundamental topic at Galp, and a non-negotiable one. For Galp, creating value to its stakeholders must be done by acting ethically and in a transparent manner.

Galp's Code of Ethics and Conduct is one of the main expressions of the Company's corporate culture and a guide for professional and personal behaviours of all people, in particular employees and business relationships.

EthicsWeek@Galp was the first edition of an event created with the objective of celebrating ethics and shining new light on the importance of compliance and ethics, taking it to a new level. For this event, people were asked to select five questions about ethics that matter the most and more than 600 adhered to the challenge. During one full week of 2021, the Company's CEO and Chairperson addressed the most voted questions, in video format, reenergising the topic of ethics at Galp.

Also, in 2021, a Talks@Galp on Ethics was held with around 240 participants.

Embracing ethics

Galp's journey to make the Company a great place to work involves providing a safe work environment, free from discrimination and harassment. Galp's commitment to create this safe work environment includes:

- Acting according to ethical principles

- Encouraging respectful behaviour and diversity
- Actively detecting and reporting all types of behaviour, whether in the form of harassment or inappropriate behaviour against employees

This year, in line with best practices and the values and commitments in the Code of Ethics and Conduct, Galp revisited its Discrimination and Harassment Prevention Policy, reinforcing its zero-tolerance policy against any and all forms of harassment.

Communicating irregularities

"Open Talk" Ethics Line is Galp's confidential channel to communicate irregularities. This channel is available to any stakeholder related to the Company and is managed by the Ethics and Conduct Committee, an independent and impartial internal structure responsible for monitoring the implementation and interpretation of the Code of Ethics and Conduct.

In 2021, Galp renovated this channel, guaranteeing a closer alignment with the European Directive to increase the confidence of its people. The refreshed channel now allows for the use of additional means of communication (namely WhatsApp) and the initial treatment of irregularities is now handled by a third party that ensures its follow-up.

In 2021, the Ethics and Conduct Committee received twenty five reports which were investigated under the Reporting of Irregularities Internal Standard. From the reports received, 20 were related to moral harassment in the workplace, 1 to discrimination in a service station, 1 to potential conflict of interests, 1 to the legal framework applicable, 1 to alleged anti-trust practices and 1 to misappropriation of assets. Of the 25 cases reported, 8 were archived due to the lack of evidence of the facts described, 1 required the adoption of disciplinary

5.6 Developing a conscious business

measures by the Company, 7 required the adoption of measures by the Company in order to adapt the conduct to the standards established in the Code of Ethics and Conduct and 9 are in progress.

Combating corruption

All corrupt practices are strictly prohibited by the Galp, and the Company works continuously to ensure the integrity of its commitment to prevent corruption, in all its active and passive forms.

For this purpose, Galp has a Corruption Prevention Policy and Internal Standard, which is applicable to the Group and its employees. Pursuant to such principles, rules and procedures, Galp assumes the commitment to permanently promote full compliance with the provisions of the Code of Ethics and Conduct and prevailing laws, and the objective is to adopt the best practices of transparency expressed in various international standards, such as the United Nations 2004 Convention to Combat Corruption (UN Global Compact 10 principles).

In 2021, in order to promote upright behaviours, a transversal e-learning course with topics related to corruption and conflict of interests was promoted, and 2,500 people completed the course.

Addressing Human Rights

Protect, Respect, Repair

Galp is committed to acting so that none of its actions and management activities lead, directly or indirectly, to the abuse or violation of human rights in the various social, political and cultural contexts where it operates. Galp adopts a continuous due diligence process that includes the definition of action plans and their monitoring, to ensure that its practices are in line with Galp's Human

Rights Policy. There are three focus areas where the respect for human rights is particularly critical in the way the Company operates: Communities, Employees, and Suppliers and Partners.

In 2021, Galp conducted a human rights assessment of its operations in Mozambique, Cape Verde, Eswatini and Namibia, interviewing employees and service providers on various topics, including health and safety, child labour, discrimination and diversity, vulnerable groups and communities, among others.



5.6 Developing a conscious business

Protecting people and assets

Responsibility creates safety

Galp believes safety really matters and one of its critical objectives is to ensure the safety of assets, people, and the environment, the ultimate ambition being to achieve zero accidents.

Every day Galp seeks to act in accordance with the best safety practices, making use of international guidelines and experts in the field. In addition, Galp assumes the skills and the empowerment of its employees and partners as a basic condition for the fulfilment of its commitment and responsibility regarding safety.

- **Safety culture**

The transformation journey has started towards a just culture in which people are encouraged to speak up when something is not quite right, where the environment is safe to ask questions, and positive behaviours are recognised and acknowledged.

In 2021, a safety leadership and culture transformation programme was launched at the Sines Marine Terminal, designed to build core leadership skills for supporting safe daily working at all levels in the organisation. The programme was crafted having in mind the contributions and personal values of the participants, including members of the leadership team, operations, maintenance and external contractors. In 2022, a similar process will be held in the Commercial and Renewables business units.

² LTIF (Lost-Time Injuries Frequency): all accidents with lost time (including fatalities and accidents with sick leave) per million work hours.

In addition, Galp launched a survey regarding the safety culture at the Sines Refinery and continued to promote its behaviour-based safety programme (called Safety Talks), with the aim of highlighting safe behaviours and correcting unsafe ones.

For 2022, Galp is committed to implement several initiatives to create positive impact in its safety performance. Some of the initiatives include the evaluation of the personal and process safety culture in the industrial areas, the deeper involvement of the executive committee in safety topics, the roll out of a new Behaviour Based Safety programme, among others.

Regarding training on safety and health topics, in 2021, a total of 25,540 hours was provided to 2,556 people from all geographies where Galp operates.

- **Personal safety performance**

In 2021, there was an increase of accidents both in employees and service providers. The top 3 typologies were: same-level falls, overexertion or strain and explosions or burns.

	2019				2020				2021			
	Fatalities	Accidents	LTIF ²	TRIR ³	Fatalities	Accidents	LTIF ²	TRIR ³	Fatalities	Accidents	LTIF ²	TRIR ³
Employees	0	19	1.5	1.9	0	13	0.8	1.1	0	21	1.2	1.9
Service providers	0	13	0.8	1.6	0	15	0.3	1.0	0	18	1.2	1.6
Total	0	32	1.1	1.7	0	28	0.5	1.0	0	39	1.2	1.7

³ TRIR (Total Recordable Injuries Rate): all accidents (includes fatalities, accidents with sick leave and medical treatment, excludes first aid) per million work hours.

5.6 Developing a conscious business

- **Process safety**

In 2021, Galp carried out a process safety assessment at the Sines Refinery and introduced the Production and Operations team to the Process Safety Fundamentals.

Process safety event rate	2019	2020	2021	Target 2022
Tier 1 ⁴	0.10	0.07	0.13	0.05
Tier 2 ⁵	0.17	0.48	0.49	0.15

Security

Galp assesses the security levels of its facilities, defining and implementing active and passive measures in order to reduce risk. In 2021, Galp reassessed the facilities risk level and launched a Red Team exercise programme to assess the vulnerability of the Sines Refinery.

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

Cybersecurity

Galp is reinventing itself and its path, in both the energy and the digital transition, is to make the transitions inseparable and central to the sustainability of the Company. Given this context and the global increase of the cyber-threat risk to organisations and their digital systems, Galp is reinforcing its cybersecurity resilience by anticipating risk and threats.

⁴ Tier 1 is a primary containment failure with major consequences: unplanned release from a process of any material, including non-toxic and non-flammable materials, resulting in very serious consequences.

In 2021, Galp consolidated its cybersecurity risk assessment for suppliers, integrating it into the procurement process. Galp also formed a “Red Team” to continuously test all digital assets of the organisation and implemented several improvements in the Company’s networks, data and infrastructure.

Galp is also strengthening its cybersecurity culture. In 2021, the Company launched an internal space called “CyberOn”, with dozens of news items, recommendations, best practices, alerts, and phishing exercises, aimed at engaging and raising the awareness of all employees to this topic.

Engaging with suppliers

Fundamental principles of conduct

Galp includes sustainability criteria clauses in 100% of its purchase contracts.

Galp’s relationship with business partners is critical to ensure the overall sustainability of operations, especially in indirect operations. They are built on recognised policies, codes and practices, aligned with the highest ethical, social, environmental, and quality standards.

This partnership is guided by four fundamental principles, ensuring that all suppliers are committed to them throughout the entire value chain.

- Respect human rights and work conditions
- Act with transparency and integrity

⁵ Tier 2 is a primary containment failure with minor consequences: unplanned release of any material, including non-toxic and non-flammable materials, with consequences.

5.6 Developing a conscious business

- Understand quality as a critical success factor
- Protect the environment, people and assets

Suppliers and sustainability risk

Galp's methodology for assessing and managing the sustainability risks of the supply includes:

- Qualification and assessment of vendor bids for services with health, safety and environment (HSE), cyber security, general data protection regulation (GDPR) or business continuity risk
- Evaluation and monitoring of the financial health of the suppliers
- ESG risk surveys through various internal procurement platforms
- Audit and evaluation of ESG services

Assessment of suppliers' exposure to sustainability risk

Type of suppliers	Percentage of suppliers assessed in the last 3 years			
	2019	2020	2021	Target 2022
Tier 1	92%	96%	88%	97%
Critical Non-Tier 1	87%	95%	90%	100%

Galp values suppliers that are certified in internationally recognised standards as a guarantee of its commitment to continuously improve its sustainability performance. In 2021, 34.6% of Galp's critical tier 1 suppliers were certified.

International standard	2019	2020	2021
ISO 9001	3,127	2,931	2,426
ISO 14001	1,872	1,640	1,389
OHSAS 18001	1,971	1,678	1,387
Other certifications	956	1,887	366

5.6 Developing a conscious business

Continuous monitoring of supplier performance

On a yearly basis, Galp evaluates both current and potential suppliers in relation to the Company's sustainability policies and practices.

Suppliers' evaluation

In 2021, Galp made a total of €492 m in purchases from 2,568 suppliers, of which 773 were tier-1 suppliers with >€50 k and 396 were critical suppliers.

	2021
No. of suppliers	2,568
No. of critical ⁶ tier 1 suppliers	37
No. of audited tier 1 suppliers	178
% of local purchases	74%
Average days for payments to suppliers	52

In 2021, 217 audits were carried out, in accordance with defined requirements and considering the applicable legislation in the country where the audit was conducted.

Whenever a serious issue is identified during an audit, Galp ensures that a corrective action plan or improvement action plan is defined and implemented by the supplier.

Galp's target is to conduct 50 in-site audits of suppliers in 2022.

⁶ Critical suppliers: suppliers with HSE, cyber-security, GDPR or business continuity risks; non-replaceable suppliers, suppliers of good or services whose failure to supply or continue operations may affect the Galp Group's activities, in areas such as legal compliance and the safety of people, assets and the environment.