

Company Standard

Health, Safety, Social and
Environmental requirements in
projects lifecycle
(Standard and Manual)



1. **Strategic Context**
2. **Object and scope of application**
3. **Structure of the Corporate Standard and Manual**
4. **Company Standard: HSSE specific requirements**
5. **How does the standard and manual fit with Galp's strategy?**
6. **Roles and responsibilities**

Annex



1. Strategic Context

1. Strategic Context

Galp is committed to create value for the Company and the community at large, thereby ensuring the Social License to Operate.

Extractive industries, like oil & gas, generally operate plants and facilities that are potentially hazardous to neighboring areas, that can negatively impact the environment, cultural heritage and the health of local people.

In some cases, such projects might even require local communities' relocation. To avoid the possibility of conflict, protest, or the cancellation of the operating license, it is critical to engage with communities at an early stage of the site's activities.

Galp's approach:

**Reduce the
footprint of
its activity**

**ESIA
framework that
comprehends
the entire life
cycle**

**Process of
engagement
with
stakeholders**



1. Strategic Context



We work with all our stakeholders with a clear goal: **to ensure ever more effective respect for human rights and to protect the environment more effectively**

For this purpose, we rigorously study and measure our impact

- At Galp, we have an Environmental and Social Impact Assessment (ESIA) framework that comprehends the entire life cycle of activities, products and services, and that establishes a process of engagement with communities and other stakeholders.
- The ESIA tool is an integral part of our HSSE (Health, Safety, Social and Environment) operational management system and, consequently, of the risk management process. This methodology addresses the projects' environmental dimension and social dimension in a structured way, namely in what concerns the impacts on local and indigenous communities.
- The top management's commitment and accountability with regard to the HSSE subjects, as well as the engagement with stakeholders are essential for creating value for the Company and the community at large, thereby ensuring the **Social License to Operate**.
- In this sense, Galp also developed an official **Company Standard¹ – Health, Safety (including Security), Social and Environmental specific requirements in projects lifecycle**, which must be ensured in the decision making process, associated to each development stages (through all lifecycle) of projects





2. Object and scope of application

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The aim of this standard is to define the Health, Safety (including Security), Social and Environment requirements which must be ensured in the decision making process, associated to each development stages (through all lifecycle) of projects. It applies to projects (including relevant changes) to ensure the protection of people, environment and assets, based on an HSSE risk assessment and in line with Galp's policies and commitments.



2. Object and scope of application



Galp nominees for management positions in associated companies in which Galp does not exercise full management control shall promote the measures leading to the recognition and adoption of the rules and procedures established in this standard.



International guidelines and industry standards must be followed in the absence of Galp's regulations that apply to the requirements established in this standard.



Whenever there is a discrepancy between a legal requirement and a set out in this standard, the most stringent shall apply.

For the cases where it is not possible to integrate an HSSE requirement into a project, the Organizational Unit shall promote a process requesting a deviation, i.e., an auditable consent from the Executive Director of the Organizational Unit involved, supported by an evaluation or a risk assessment and preceded by prior consultation of Environment, Quality, Safety and Sustainability Department (DAQSS) and Legal Affairs and Governance Department (DAJG) – See section 9. Additional issues

2. Object and scope of application

- In each project, the analysis of **improvement opportunities and recommendations** to be considered in future projects subject to the application of this standard shall be ensured, and **must be captured, analysed, documented, shared and disseminated**.



- Galp shall ensure that the employees involved in each project have the appropriate skills and training to ensure the implementation of the requirements established in this standard.
- The assessment of the competence of the team allocated to projects and operations shall be developed and periodically reviewed.
- Galp will ensure that this standard's suitability is periodically reviewed and updated whenever necessary and within periods no longer than four years.
- The requirements take effect for projects commenced after the standards publication.



3. Structure of the Corporate Standard and Manual

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Company Standard

The Standard define HSSE specific requirements which must be ensured in the decision-making process.

- Applicable to projects (including relevant changes).
- Applies to Organisational Units of Galp Group and affiliates, or other entities in which Galp has management control.



Health

- Occupational Health and Medical Surveillance
- Fitness for work
- Medevac (Medical Emergency)
- Management of Epidemics
- Community Health



Safety & Security

- Risk Management
- Operational Safety Management
- Product Safety
- Security



Environment

- Biodiversity
- Climate Change
- Energy Efficiency
- Consumption of Natural Resources
- Acoustic Impacts
- Air Emissions
- Waste Management
- Soil & Groundwater
- Water and Wastewater
- Oil Spill response



Social

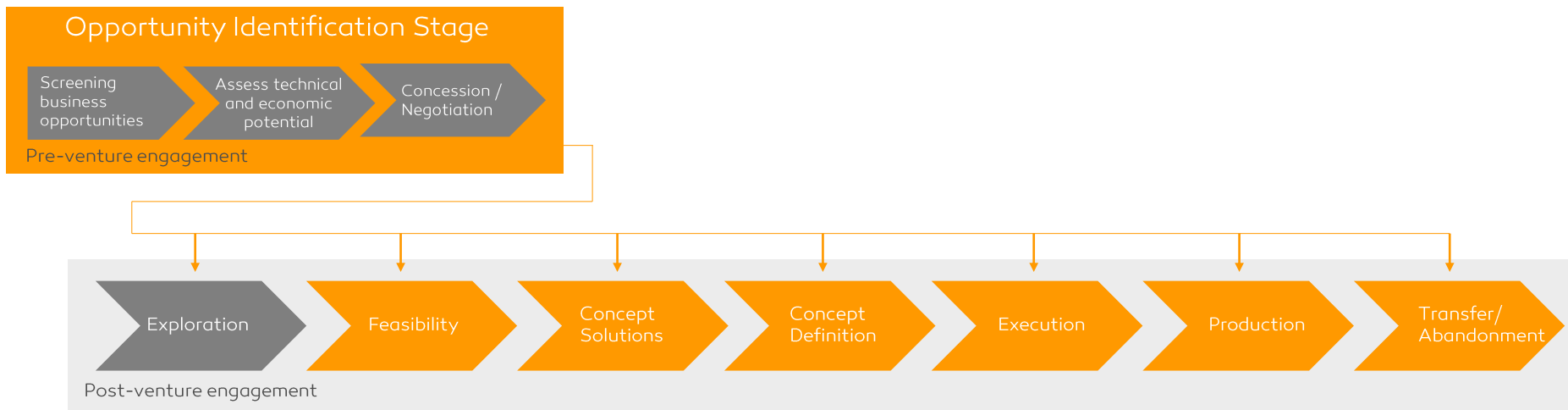
- Stakeholder Relations
- Community Investment
- Human Rights and Indigenous Communities
- Land Management & Resettlement

3. Structure of the Corporate Standard and Manual

Company Manual

The Manual provides guidance on how to integrate Galp's HSSE requirements established in the Standard into each phase of any project lifecycle, defining HSSE deliverables for each stage.

- Applicable to projects (including relevant changes).
- Applies to Organisational Units of Galp Group and affiliates, or other entities in which Galp has management control.



3. Structure of the Corporate Standard and Manual

Company Standard and Manual goals



New Projects /
On time, on budget
&
Without neglecting the
Health, Safety, Social and
Environmental
objectives



Integrates HSSE requirements as early as possible,
Through a stage-gate approach (lifecycle model)



Structure and alignment regarding HSSE issues – what and when

Support the development of new opportunities. Provides clear guidance on what to consider about HSSE (Health, Safety, Social & Environmental aspects) according to Galp's Commitments, Policies and standards.



Reinforces accountability and confidence (internally and externally, with partners, communities and investors)

International requirements:

- IFC Standards for O&G
- IOGP International Standards
- IPIECA International Standards
- Ecuador Principles
- Environmental and Social World Bank Framework (Commonly requested for provision of financial guarantees)
- etc.



4. Company Standard: HSSE specific requirements

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4.1 Health

- **Occupational Health and Medical Surveillance** – Galp shall provide Medical Surveillance of exposure of employees' health to all kind of risks (chemicals, pesticides, toxic wastes and hazardous substances, ergonomics, stress and psycho-social risks) to health of employees and contractors.
- **Fitness for work** – Galp shall implement fit for work testing processes to ensure safe operations.
- **Medevac (Medical Emergency)** – Galp shall implement Site-specific medical emergency response plan, taking into account the potential for individual and multiple casualties, describing the response to various medical emergency scenarios based on the health risk and impact assessments, and utilizing available resources.
- **Management of Epidemics** – Epidemics Management plans should be developed in order to forecast, investigate, prevent and control epidemics, including personal training of all employees and contractors potentially exposed.
- **Community Health** – Community Health Plans are developed with a risk management approach so that their scope and activities are commensurate to the real risk.

4. Company Standard: HSSE specific requirements

4.2 Safety & Security

- **Risk Management** – Galp adopts integrated HSSE Risk management tools (HSSE Risk Matrix, HAZID, HAZOP, etc.) Bow-Tie, What if, etc., and develops clear instructions on how to develop them and the expected outcomes.
- **Operational Safety Management** - including: MoC; Control of Work; Emergency Preparedness and Response; Incident Management; ALARP; Critical elements.
- **Product Safety** - Identify, assess and manage significant HSSE and integrity risks across the lifecycle of all existing products, by-products, intermediates, or process stream.
- **Security risks** – ensure an assessment of security risks in the projects and through the business lifecycle and the definition of active and passive security measures based on the site-specific risk assessment output.
- **Travelling** – travelling, safe and secure conditions for any employee travelling outside the origin country must be guaranteed. An adequate risk assessment shall be undertaken and the employee shall receive suitable information and preparation for the travel (according to the destination country).

4. Company Standard: HSSE specific requirements

4.3 Social

- **Stakeholder Relations** – Ensure that the principles of stakeholder engagement of the company are implemented and that is done in a consistent manner, generating uniform records for the company, while respecting the local laws. Establish procedures that align internal methodologies for **Grievance Mechanisms**, following international guidance.
- **Human Rights and Indigenous Communities** – Define the management tools to ensure that Human Rights are protected along the business lifecycle of the Galp activities (Due diligence, ESHIA, etc.). Adopt the **Free, prior and Informed Consent** prior to any development in areas of Indigenous Communities or Vulnerable Peoples.
- **Land Management & Resettlement** – Adoption of IFC PS5 on Land Acquisition and of the Principles of free, prior and informed Consent and of full replacement Cost. Companies need to have clear **processes in place** to respond, often rapidly, to situations where human rights impacts occur or are alleged to have occurred.
- **Community Investment** – Define the areas of investment and the way the investments are decided and monitored. Record the main KPIs (outputs and outcomes).

4. Company Standard: HSSE specific requirements

4.3 Social | 4.3.1 Stakeholders relations - Consultation

Consultation with communities need to be inclusive with several segments of the affected communities and accessible to the disadvantaged and vulnerable groups. Galp has in place its Company Standard to guide the initiation and conduct of consultation, whenever it comes into contact with affected communities.

The Company Standard intends to addresses the following aspects regarding consultation:

- Identify, analyse, evaluate and monitor affected communities and the range of stakeholders affected;
- Implement a stakeholder engagement plan throughout all lifecycle and be subject to evaluation of their effectiveness and review of its suitability;
- Provide affected communities, as early as, with access to relevant information;
- Enable affected communities to express their views on operational and project risks, cultural heritage preservation and other environmental and social impacts and mitigation measures;
- Incorporate the views of Affected Communities into operational and project decision-making;
- Implement grievance mechanisms for affected communities, including mechanisms to preserve cultural heritage;
- Report to affected communities and other stakeholders.

4. Company Standard: HSSE specific requirements

4.3 Social | 4.3.1 Stakeholders relations - Consultation

Galp recognizes that exploration and production activities expose the company to interact with a number of social agents whose expectations need to be known, identified and eventually met in order to protect **Galp Social License to Operate**.

In this context, all Asset Managers shall ensure that a Stakeholder Management Plan is performed and maintained throughout all lifecycle, and be subject to evaluation of their effectiveness and review of its suitability. Thus, Galp develops a Grievance Mechanism which must be defined and implemented, adequate to the community, the stakeholders and the project phase in order to identify expectations/claims from the local communities. During Exploration, contractual agreements may impose also the need to develop a Local Content Plan and/or a Land Acquisition Management Plan for this Stage phase.

Also, whenever Galp is not the operator or the lead partner in a Joint-Venture, Galp works with the lead partner, applying the principles in this Standard as far as it is practicable. In these situations, the requirements set out hereby or similar ones shall be proposed as the minimum HSSE requirements to be adopted.



4. Company Standard: HSSE specific requirements

4.3 Social | 4.3.2 Human Rights and Indigenous Communities

Indigenous Peoples are social groups that are distinct from mainstream groups in national societies and are often among the most marginalised and vulnerable section of the population. Our Company Standard covers aspects for engagement with indigenous peoples.

The Company Standard intends to address the following aspects regarding indigenous peoples:

- Identify affected indigenous peoples;
- Understand the local context for engaging with indigenous peoples;
- Implement principles of good engagement of indigenous peoples;
- Respect free prior and informed consent;
- Commit to protect and preserve cultural heritage from the adverse impacts of local activities;
- Implement grievance mechanisms;
- Audit and assess relocations/resettlements.



4. Company Standard: HSSE specific requirements

4.3 Social | 4.3.2 Human Rights and Indigenous Communities

Galp identifies adverse potential human rights (HR) impacts and take appropriate steps to avoid, minimize and/or mitigate them, as well as integrate the management of HR in HSSE Due Diligence, HSSE baseline conditions and other assessments, following guidelines adopted by the industry.

Also, Galp must develop its new projects or operations adopting the requirements from the ILO Conventions (International Labour Organization), namely and among others the “ILO Declaration on Fundamental Principles and Rights at Work” and ILO 169 on “**Indigenous and tribal peoples**”.

Projects shall be vigilant to ensure that no Galp-related activity violates any Human Right and, in the event of deviations , it must be ensured that remediation measures are implemented and adequate actions are promoted.

Employees with functions at critical locations on human rights issues shall be trained in order to know how to act in case of any critical situation related to this matter occurs.

Also, in all the projects/assets/operations that Galp develops, a **Grievance Mechanism** has to be defined and implemented, adequate to the community, the stakeholders and the stage of the project. It is Galp responsibility to implement the Grievance Mechanism, as well as defining clear roles, accountabilities, responsibilities and resources for each grievance management plan. Project-related grievances are received, evaluated and addressed.



4. Company Standard: HSSE specific requirements

4.3 Social | 4.3.3 Land management & Relocations/resettlements

Project-related land acquisition restrictions on land use can have adverse impacts on communities and individuals that use this land. Our Company Standard covers aspects related to land management & relocations/resettlements required for new operations or extensions of existing operations.

The Company Standard intends to address the following aspects regarding **land management & relocations/resettlements**:

- Minimize the acquisition of land resulting in physical or economic displacement;
- Disclose of displacement eligibility and entitlements as early as possible in project planning;
- Define fair determination of compensation for land acquisition and other assets;
- Develop Resettlement Action Plans for physical displacement;
- Develop Livelihood Restoration Plans for economic displacement;
- Implement physical and economic displacement grievance mechanisms;
- Periodic audit and assessment of Resettlement Action Plans and/or Livelihood Restoration Plans.



4. Company Standard: HSSE specific requirements

4.3 Social | 4.3.3 Land management & Relocations/resettlements

Galp shall avoid, if possible, land acquisition and resettlement. When avoidance is not possible Galp shall try to minimise resettlement by exploring alternative project designs.

Also, whenever it is necessary for operational or project reasons, Galp shall ensure that any **Resettlement Plan** must perform land management and acquisition activities in accordance with local law and international standards, namely with IFC PS5 on 'Land Acquisition and with the Principles of Free, Prior and Informed Consent and of Full Replacement Cost'.

Furthermore, when applicable, every new project shall provide compensation for loss of assets at Full Replacement Cost, guarantee the displacement activities are implemented appropriately and improve living conditions of the affected stakeholders.



4. Company Standard: HSSE specific requirements

4.4 Environment

- **Biodiversity** – Design a Risk assessment tool to identify significant risks to biodiversity.
- **Climate Change** – Ensuring emissions reductions are achieved in the most cost-effective way; letting market prices drive the selection of solutions; promoting global participation; maximizing transparency.
- **Energy Efficiency** – Adoption of a lifecycle thinking to identify opportunities to maximize energy efficiency and minimize carbon footprint.
- **Consumption Natural Resources** – Develop public positions (if not existing) and inform about the results on minimization of consumption.
- **Acoustic impacts** – Include a specific commitment to include Marine Mammals Observers in vessels in terms of offshore noise.
- **Air emissions** – Zero Flaring Commitment.
- **Waste management** – Define a Waste Management procedure including auditing processes.
- **Soil & Ground Water** – For determination of the remediation needed after a pollution event, a Risk Based analysis shall be made to determine whether the pollution poses a risk to receptors.
- **Water and Wastewater** – Develop water internal assessment to understand water footprint and potential water savings. Commitment to re-inject muds and cuttings where appropriate or appropriate disposal as needed.
- **Oil Spill Response** – Approved Emergency Response Process and Global Critical Emergency Management.



4. Company Standard: HSSE specific requirements

4.4 Environment | 4.4.1 Biodiversity

Galp is committed to preserving biodiversity and water protection for resources in all geographies.

In the context of expanding our activities, the protection of biodiversity is particularly important, as it is an essential condition for sustainable development. Thus, we ensure the integration of this component in all the phases of our projects' life cycle.

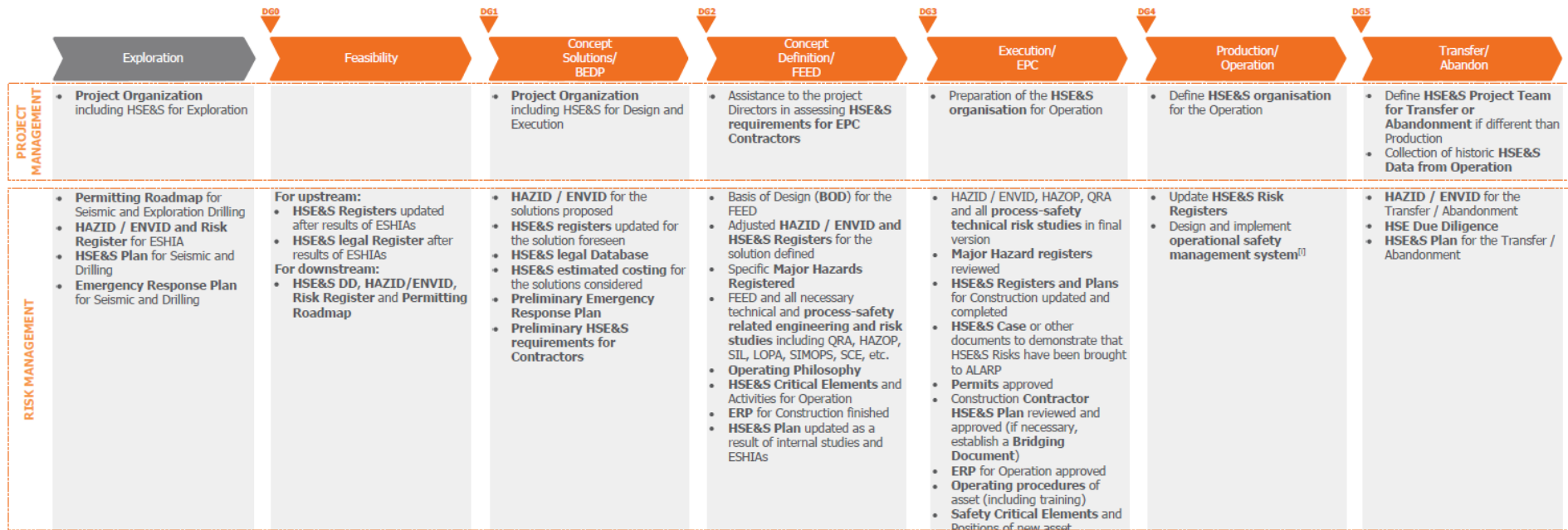
The Company Standard intends to address the following aspects regarding **biodiversity**:

- Provide for and ensure the implementation of procedures for the proper management of biodiversity and ecosystems in project and their lifecycle, guaranteeing its protection;
- Identify sensitive biodiversity areas which may be impacted by projects, assessing the risks that could exist and defining a Biodiversity Action Plan if necessary;
- When a significant biodiversity impact can occur, take the required actions in order to minimize to the minimum practicable and cost effective the risk of any adverse effects caused by the project (designed to achieve no net loss of biodiversity where practicable).



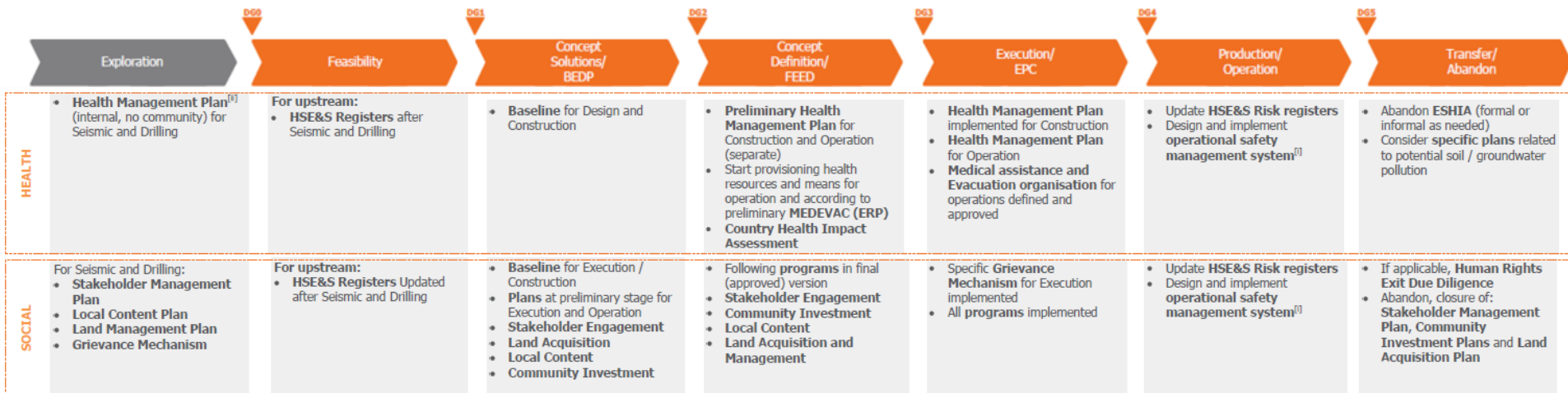
4. Company Standard: HSSE specific requirements

4.5 Overview



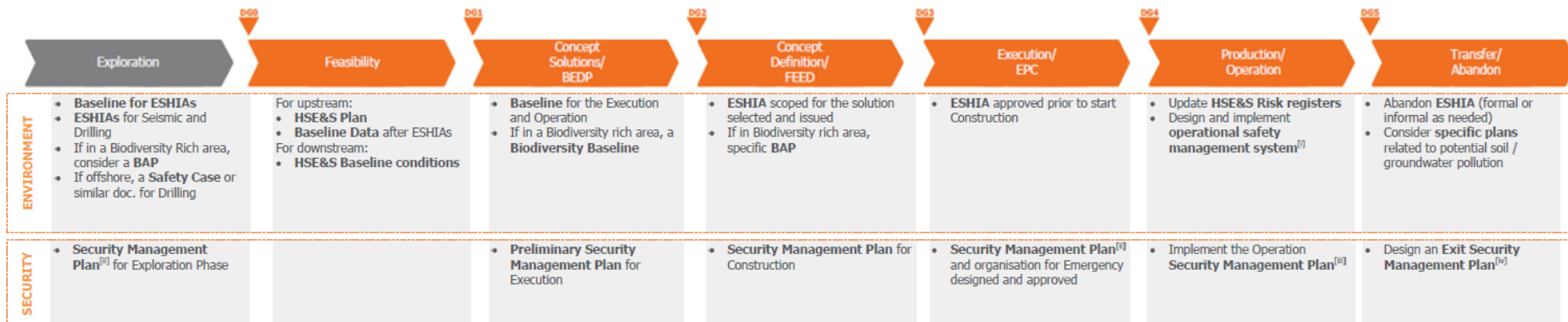
4. Company Standard: HSSE specific requirements

4.5 Overview



4. Company Standard: HSSE specific requirements

4.5 Overview



HSE&S - Health, Safety, Environment and Social; ESHIA - Environmental, Social and Health Impact Assessment; BAP - Biodiversity Action Plan; DD – Due Diligence; BEDP - Basic Engineering Design Package; FEED - Front End Engineering Design; EPC- Engineering, Procurement and Construction; ERP - Emergency Response Plan

^[1] In order to ensure the integrity of operations in terms of process safety, occupational safety, security, environment, reliability and efficiency

^[2] Can be integrated in HSE&S Plan

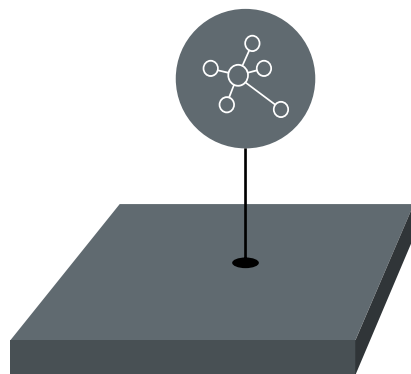
^[3] Can be integrated in the operational safety management system

^[4] Can be integrated in HSE&S Plan for Abandonment



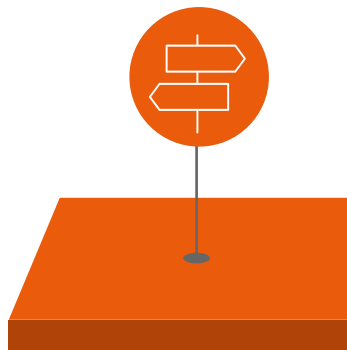
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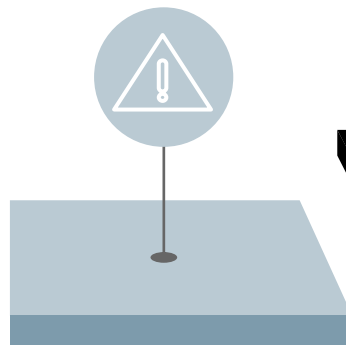


FULL AND SYSTEMATIC INTEGRATION

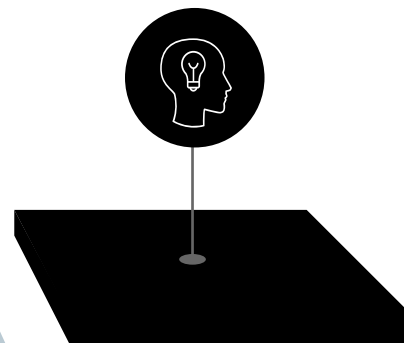
of HSSE aspects in all phases
of the upstream, midstream
and downstream business LC
and all geographies



INCREASED STANDARDIZATION of the HSSE management among Galp business



RISK BASED METHODOLOGY to manage main HSSE risk and lessen potential stakeholder complaints



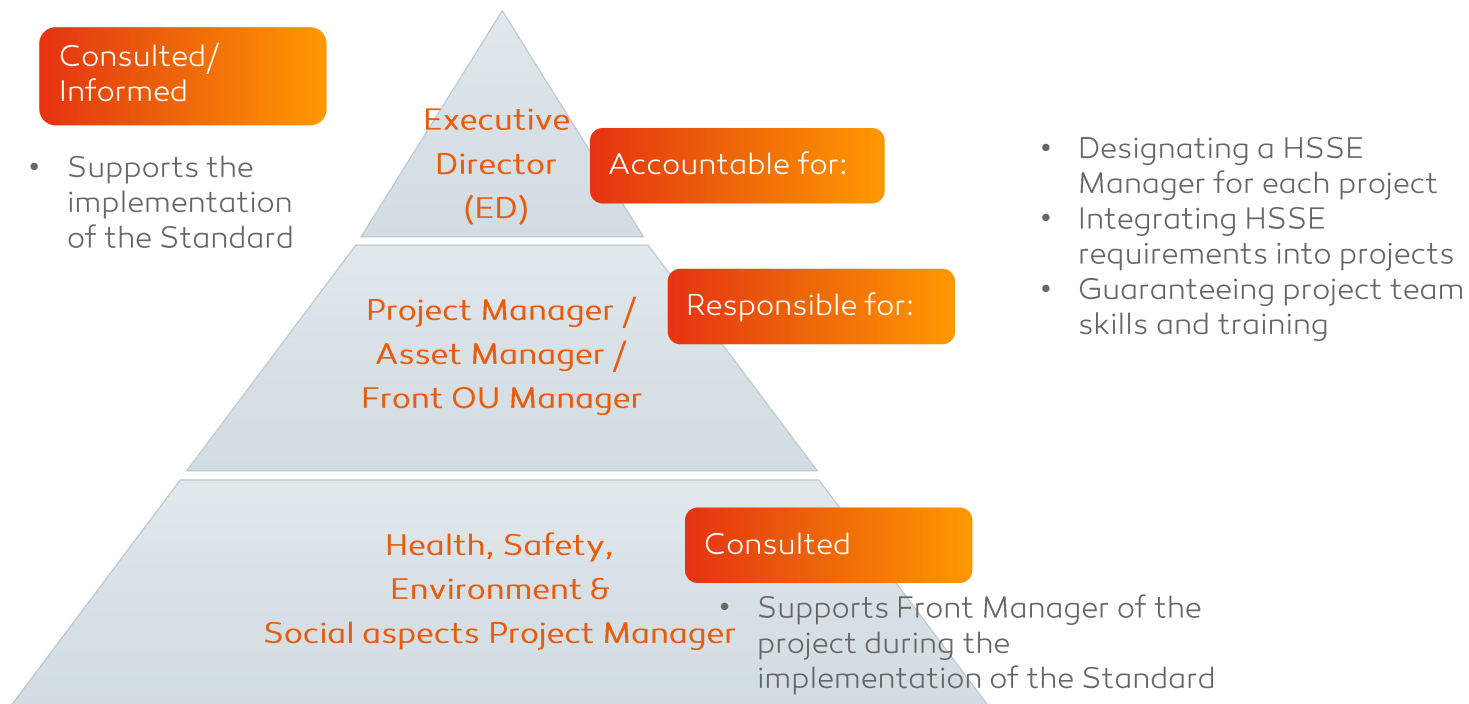
INCREASE SKILLS of the people who manage HSSE at central and local level



6. Roles and responsibilities

6. Roles and responsibilities

Corporate Center | HSE; Social Resp.;
Legal

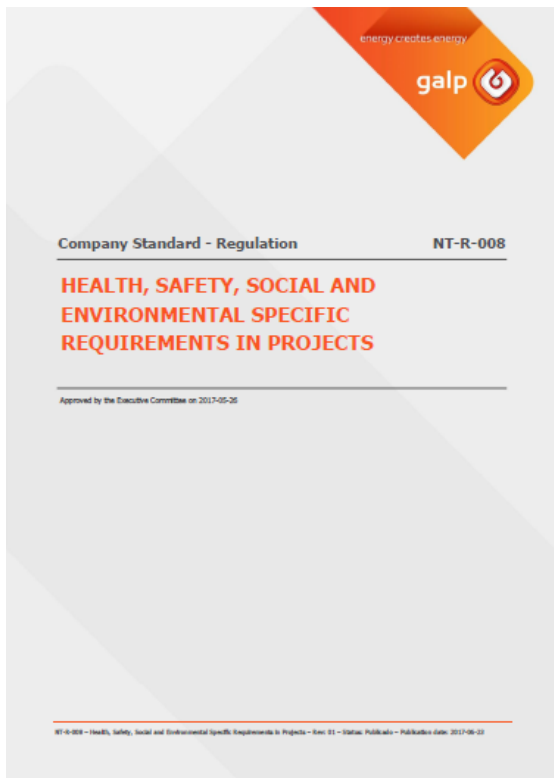




Annex

Annex

Full version of HSSE Standard



For further details please consult the full version of **Company Standard – Regulation (NT-R-008) – Health, Safety, Social and Environmental specific requirements in projects**, approved by the Executive Committee on 2017-05-26.

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