

Galp's Participation in Industry Associations: Climate Change



#regeneratethefuture

Index

- Introduction 4**
- Our approach to climate change..... 5**
- Our involvement with industry association 7**
- Evaluation of industry associations’ alignment
with climate change 8**
 - Goals8
 - Evaluation methodology8
 - Scope - Industry associations assessed10
 - Evaluation limitations10
 - Findings.....10
- Annex..... 11**



Introduction

Over the past few decades, there has been growing concern about global warming and its inevitable consequences.

The last decade was particularly marked by decisions for sustainable development, namely with the negotiation and signing of the Paris Agreement in 2015, which aims to decarbonise the world's economies and limit the rise in global average temperature below 2°C compared to pre-industrial levels, and with the definition, in the same year, of the United Nations Sustainable Development Goals (SDGs). The Paris Agreement, ratified by 195 States, also propelled the well-known European Green Deal in 2019, which establishes a set of European Commission policies and strategies and gave rise, more recently, to the European Climate Law.

Galp recognises that climate change is one of the most important global challenges and has established a purpose: "Let's regenerate the future together".

Our priorities are to regenerate the portfolio of energy we produce and sell, refresh our relationship with Society and reenergise our People.

By 2030, Galp will have reorganised its energy profile. With solid foundations for an investment of sustainable growth, Galp's profile will be, then, more decarbonised.

The energy transition depends on everyone's commitment. Galp, as a fundamental pillar in the economy, intends to prosper during this transition, growing through one of the most efficient portfolios in the sector and aspiring to be at the forefront of our Future. To accelerate our decarbonisation and achieve carbon neutrality by 2050, we will expand our renewable energy business and our position in the value chain of electricity and new energies.



Our approach to climate change

We recognise the importance of changes in the energy system and aim to play an active role in this transition, while responding to climate challenges.

Our commitment to sustainable development is reflected in our decarbonisation ambitions, aligned with our strategic plan:

- Reduction of 40%¹ of absolute emissions from operations (scope 1 and 2) in 2030;
- Reduction of 40%¹ of the production carbon intensity by 2030;
- Reduction of 30%¹ of all downstream sales carbon intensity by 2030.

These targets are part of Galp's ambition to achieve Net Zero Emissions (emissions of scopes 1, 2 and 3) by 2050 and are aligned with the premises made in Galp's strategic plan.

Galp's long-term targets to reduce carbon emissions will be achieved primarily by implementing our main strategic guidelines, namely, the transition from our current portfolio to a more electrified and diversified global portfolio.

We want to be leaders in our industry towards the sustainable future. Hence, our intention is to engage in a strong growth plan, both in traditional and new businesses, while decarbonising the products we produce and sell.

¹ All reductions refer to 2017 as the base year, the year Galp announced its portfolio diversification beyond Oil & Gas and which will be considered the base year for any analysis of the evolution of carbon intensity in the future.

At Galp, we participate in the climate debate

The focus on sustainability and the development of clean and affordable energy solutions leads us, as a company, to commit ourselves in this great climate debate.

In this sense, besides our participation in initiatives and associations focused on the objectives of the Paris Agreement, the Climate Law, and the SDGs, we participate in technical working groups that promote the implementation of these same ambitious targets.

At Galp, we actively promote transparency

Communication and transparency on sustainability, including climate issues, are imperative in today's reality. We established a network with an increasingly active, informed, and participative group of stakeholders (e.g. investors, employees, communities, society). We are also facing several changes in the reporting and communication model that imply our effective commitment, as a company, to actively foster the transparency of our information, as an evidence of our performance and resilience to future challenges.

Galp discloses its non-financial performance in accordance with internationally recognised standards and reporting structures, following best practices, and contributing to an ongoing, and transparent dialogue with its stakeholders.

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



Our involvement with industry associations

Industry associations play a key role in society, as players for the development of collaborative platforms and to promote the best practices in different sectors of activity.

At Galp, we believe that it is essential to understand the dynamic nature and context of the sustainable development and its current and future challenges.

Thus, Galp promotes corporate citizenship through its membership in several associations and relationship with various industry partners. As a result, Galp benefits from a network of cooperation and knowledge-sharing, allowing us to develop the highest standards of performance and to promote relevant debates, within and outside the organisation

Additionally, Galp, jointly with Industry Associations, supports the development of strategies aligned with the international community's goals, mainly those regarding the energy transition and carbon neutrality.

As for future association membership, Galp focuses its choice on a set of criteria aligned with the Paris Agreement and the European Climate Law in accordance with Galp's strategy for the decade 20-30.



Evaluation of industry associations' alignment with climate change

Goals

The fast transition to a sustainable development paradigm requires companies to reflect on the commitments they subscribe as well as on the decision to join and participate in associations. Accordingly, Galp carried out an analysis of its main associations regarding their climate positioning, in order to:

- Identify the industry associations aligned with Galp's Purpose, Vision, Mission and Values, with regard to sustainable development, and thus the Paris Agreement and the European Climate Law;
- Promoting transparency about Galp's participation in industry associations;
- Encouraging a sense of commitment and engagement to the challenge of combating climate change.

Evaluation methodology

Following the analysis described above, Galp established a set of objective criteria that provides a fair evaluation of the associations.

A) Paris Agreement

1. Support the long-term goal to hold the increase in global average temperature below 2°C above pre-industrial levels;
2. Support the development of mechanisms promoting sustainable development, such as promote or endorse measures to mitigate greenhouse gas emissions or other global emissions.

B) European Climate Law

1. Support the carbon neutrality by 2050 target;
2. Promotion of initiatives to reduce greenhouse gas emissions;
3. Promotion or support of energy transition and efficient use of energy;
4. Promotion or support of the use of renewable energy;
5. Promoting the use of new technologies for carbon capture, use and storage (CCUS);
6. Adoption or support for the use of clean, safe, and connected mobility solutions;
7. Support transparent climate communication and reporting.

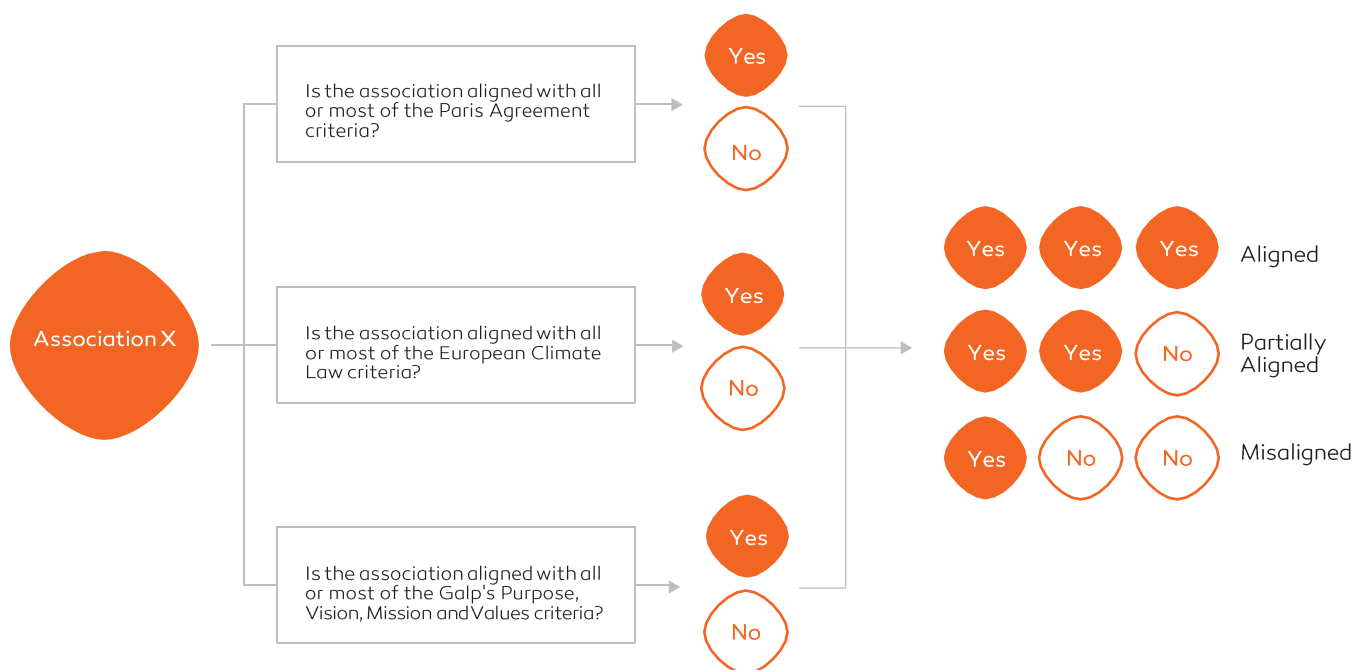
C) Galp's Purpose, Vision, Mission and Values

The associations were evaluated according to the criteria listed above by a multidisciplinary Galp team, as follows:

- **Aligned:** organisations aligned with most of the criteria of the Paris Agreement, the European Climate Law, as well as Galp's Purpose, Vision, Mission and Values.

- **Partially aligned:** organisations partially aligned with the criteria of the Paris Agreement and the European Climate Law, although they may not yet be fully aligned with Galp's Purpose, Vision, Mission and Values.

- **Misaligned:** organisations misaligned with at least two of the criteria of the Paris Agreement, five of the criteria of the European Climate Law, and not aligned with Galp's Purpose, Vision, Mission and Values.



Note: The Associations aligned are necessarily with two criteria: reduction of GHG emissions and decarbonisation by 2050

The information in this report was gathered as a result of an extensive research of public information such as official websites, reports, publications, media, public statements, among

others. If the information required was not publicly available, the associations were directly contacted for further information.

Scope - Industry associations assessed

The industry associations described in this report were selected based on their relevance to Galp's business and strategy, as well as their active role in energy policy debates.

Twenty (20) organisations were selected and evaluated, whose geographical distribution is diverse, both nationally and internationally. These organisations represent about 75% of Galp's contribution in this scope in 2020.

Evaluation limitations

The opinions and conclusions expressed in this review are those of Galp. This report offers an objective, fair, and coherent evaluation, necessarily subject to interpretation and judgments of opinion.

Findings

Out of the twenty (20) associations analysed, we concluded that nineteen (19) are aligned, one (1) is partially aligned and none (0) are misaligned.

ALIGNED

Associação Brasileira de Energia Solar Fotovoltaica (ABSOLAR)
Asociación Española de Operadores de Productos Petrolíferos (AOP)
Associação Portuguesa de Empresas de Gás Natural (AGN)
Associação Portuguesa De Empresas Petrolíferas (APETRO)
Asociación de Empresas de Energías Renovables (APPA)
Associação Portuguesa de Produtores de Biocombustíveis (APPB)
Associação Portuguesa de Produtores Independentes de Energia (APREN)
Carbon Disclosure Project (CDP)
Associação Empresarial para a Inovação (COTEC)
European Battery Alliance (EBA)
European Petroleum Refiners Association (EPRA)
EU Clean Hydrogen Alliance
Hydrogen Council
Hydrogen Europe
Laboratório Colaborativo (NET4CO₂)
SolarPower Europe
Unión Española Fotovoltaica (UNEF)
World Business Council for Sustainable Development (WBCSD)
World Economic Forum (WEF)

PARTIALLY ALIGNED

Associação Brasileira de Empresas de E&P de Petróleo e Gás (ABEP)

MISALIGNED

None

Galp will annually review the alignment of associations in which it participates in accordance with climate and sustainable development criteria.

Annex

ABEP – Associação Brasileira de Empresas de E&P de Petróleo e Gás

(Galp's contribution in 2021: \cong 186k€)

Description: ABEP – Brazilian Association of Oil and Gas Companies integrates the IBP – Brazilian Institute of Petroleum and aims to promote the development of a competitive, ethical, and socially responsible oil, natural gas, and biofuels industry.

Alignment: Partially aligned

Detail: ABEP was classified as partially aligned since it is broadly compliant with the objectives of the Paris Agreement but has not yet met all our Climate Action criteria. However, ABEP integrates IBP and this last one has been taking steps to meet the challenge of combating climate change. As such, Galp will continue to work actively with ABEP and IBP towards these goals.

ABSOLAR – Associação Brasileira de Energia Solar Fotovoltaica

Description: ABSOLAR is a non-profit Brazilian entity, bringing together companies from the entire value chain of the photovoltaic solar sector operating in Brazil. The association coordinates, represents and defends the interests of its members within the scope of market and sector development by promoting solar energy.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

AGN – Associação Portuguesa das Empresas de Gás Natural

(Galp contribution in 2021: \cong 200k€)

Description: The Portuguese Association of Natural Gas Companies (AGN) brings together companies, entities and individuals interested in the promotion and development of natural gas as a safe, efficient, and sustainable energy source.

Alignment: Aligned

Detail: Association aligned with most of the criteria of the Paris Agreement and the European Climate Law and aligned with Galp's Purpose, Vision, Mission and Values.

AOP – Asociación Española de Operadores de Productos Petrolíferos

Description: The main goal of AOP - Spanish Association of Petroleum Products Operators is to secure the general interests of the associated companies, through the follow up of oil legislation and cooperation with the competent authorities in Spain.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

APETRO – Associação Portuguesa de Empresas Petrolíferas

Description: APETRO - Portuguese Association of Oil Companies is assumed as a national reference in all the discussions and decision making concerning the oil sector. It fosters the establishment and development of proper conditions for a responsible operation.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

APPA Renovables – Asociación de Empresas de Energías Renovables

Description: The Association of Renewable Energy Companies (APPA) is a Spanish association that brings together companies and entities that aim to take advantage of renewable energy sources.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

APPB - Associação Portuguesa de Produtores de Biocombustíveis

Description: The Portuguese Association of Biofuel Producers (APPB) is an association that brings together companies and entities that aim to promote and disseminate the use of biofuels, namely biodiesel.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

APREN – Associação Portuguesa de Energias Renováveis

Description: The Portuguese Renewable Energy Association (APREN) coordinates, represents, and defend the common interests of its members in the development of renewable energies in Portugal.

Alignment: Aligned

Detail: APREN is fully aligned with the criteria of the Paris Agreement and Galp's Purpose, Vision, Mission and Values and aligned with the European Climate Law.

CDP – Disclosure Insight Action

Description: CDP is an international non-profit organisation that advocates jointly business and national governments to reduce greenhouse gas emissions, protect water resources and preserve forests.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

COTEC – Associação Empresarial para a Inovação

Description: The Business Association for Innovation (COTEC) promotes the competitiveness of Portuguese companies, through the development and spreading of an innovation culture and know-how.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

EBA – European Battery Alliance

Description: EBA, founded in 2017 by the current Vice-President of the European Commission, Maroš Šefčovič. Focused on creating of a competitive and sustainable battery value chain in Europe, EBA aims to ensure that all Europeans benefit from more sustainable technological solutions, cleaner vehicles, and road safety.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

EPRA – European Petroleum Refiners Association

(Galp's contribution in 2021: \cong 275k€)

Description: EPRA - European Petroleum Refiners Association is an international non-profit association that results from the merger of CONCAWE - European Association for Environment, Health and Safety in Refining and Distribution and FuelsEurope.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

European Clean Hydrogen Alliance

Description: The European Alliance for Clean Hydrogen promotes the development of a clean and globally competitive hydrogen technology in Europe. Through this Alliance, the EU aims to be the global leader in the hydrogen industry, pointing to hydrogen as a key enabler to achieve carbon neutrality by 2050.

Alignment: Aligned

Detail: Association fully aligned with the criteria of the Paris Agreement, the European Climate Law and the Purpose, Vision, Mission and Values of Galp.

HC – Hydrogen Council

Description: HC is a global CEO-led initiative of leading energy, transport and industry companies with a united vision and long-term ambition for hydrogen as part of the solution to foster the energy transition.

Alignment: Aligned

Detail: Hydrogen Council is fully aligned with the criteria of the Paris Agreement, the European Climate Law and Galp's Purpose, Vision, Mission and Values.

HE – Hydrogen Europe

Description: Hydrogen Europe brings together several industry players, large companies, and SMEs, who support the delivery of hydrogen and fuel cells technologies. Their main goal is to enable the adoption of abundant and reliable energy which efficiently fuels Europe's low carbon economy.

Alignment: Aligned

Detail: Hydrogen Europe is fully aligned with the criteria of the Paris Agreement, the European Climate Law and Galp's Purpose, Vision, Mission and Values.

NET4CO₂ – Collaborative Laboratory

(Galp's contribution in 2021: 200k€)

Description: NET4CO₂ is a R&D and technologies network focused on creating new processes and products with a significant contribution to the CO₂ sustainable circular economy.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

SolarPowerEurope

Description: SolarPower Europe's goal is to ensure the growth of solar energy. They ambition to position it as the most generated energy source in Europe by 2030.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

UNEF – Unión Española Fotovoltaica

Description: UNEF is the spokesperson for the photovoltaic sector in Spain, representing about 90% of the activity in this country, which corresponds to more than five hundred (500) companies. Its main goals is to activate industrialisation, boost and enable the creation of employment and economic value in the sector, as well as disseminate the technological innovations in the sector.

Alignment: Aligned

Detail: Association aligned with the objectives of the Paris Agreement and the European Climate Law, as well as with Galp's Purpose, Vision, Mission and Values.

WBCSD – World Business Council for Sustainable Development

Description: WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world.

Alignment: Aligned

Detail: Association fully aligned with the criteria of the Paris Agreement, the European Climate Law and the Purpose, Vision, Mission and Values of Galp.

WEF – World Economic Forum

(Galp's contribution in 2021: \cong 167k€)

Description: WEF, the world's organisation for public-private cooperation, involves leading business, political, cultural, and other leaders in society to shape today's political and economic challenges.

Alignment: Aligned

Detail: Association fully aligned with the criteria of the Paris Agreement, the European Climate Law and the Purpose, Vision, Mission and Values of Galp.



galp.com