

NT-011

PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

Company Standard

Approved by the Board of Directors on 2020-02-14

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1. Objet and scope of application

1.1 This Standard establishes measures for prevention, detection and response to the risk of money laundering and terrorist financing in the Galp Group, developing the principles set forth in the Code of Ethics and Conduct and the Prevention of Money Laundering and Terrorist Financing Policy in line with Galp values, the legal and regulatory obligations to which Galp Group and its employees are subject, the specific money laundering risks the Galp Group is exposed to in furtherance of its activities, and the expectations of its *stakeholders*.

1.2 The scope of this Standard applies to the governing bodies of Galp Energia, SGPS, S.A. ("Galp"), as well as the employees of all Organisational Units (OUs) and participated companies or other entities regardless of their legal nature, in which Galp has control of their management (hereinafter referred to collectively as "Galp Group" and individually as "Galp Group entity"), encompassing all regions in which the Galp Group operates.

1.3 In cases where Galp owns the totality of the share capital of Galp Group entities, the persons it appoints for governing positions in such entities must provide for the approval and adoption of these rules by the respective governing bodies, ensuring, if necessary, its adaptation to local law with support from the Legal and Governance Department (Direção de Assuntos Jurídicos e Governance, "DAJG").

1.4 Employees appointed by the Galp Group for governing positions in participated entities or joint ventures with no legal personality in which Galp does not hold management control shall foster measures within these entities and/or joint ventures that are conducive to recognition and adoption of the rules and procedures set forth in this Standard or others of an equivalent nature.

1.5 The Galp Group also promotes the adoption of money laundering and terrorist financing risk prevention criteria equivalent to those set forth in this Standard by its more relevant stakeholders.

2. Rules of conduct

2.1 General duty

Galp Group employees or third parties acting on its behalf shall not enter into transactions with counterparties that are suspected to have a purpose to conceal or disguise the illicit origin, source, location, the disposition or movement of capital, goods or products, in violation of applicable money laundering prevention laws.

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2.2 Specific duties

2.2.1 Duty of self-awareness

Galp Group employees shall, in the course of their duties, identify risks and vulnerabilities associated with activities that may involve money laundering. Employees that in furtherance of their duties deal with the following elements are particularly exposed to this risk:

- i) Business volume – Conducting transactions that represent a high business volumes or participation in a high number of transactions even though of a reasonably low unit value.
- ii) Geographic Zones – The pursuit of duties in, or in strict relation to, countries with a high risk of money laundering or corruption as listed by the DAJG, or that are subject to sanctions, embargoes or other restrictive measures.
- iii) Means of payment and origin thereof – Conducting transactions that involve large amounts of cash or with counterparties using hard-to-track means of payment.
- iv) Nationality of counterparties – Conducting transactions involving counterparties from locations known for producing/trafficking narcotics, or by high rates of corruption and/or money laundering, or that are promoters or supporters of terrorism, or who are subject to sanctions, embargoes or other restrictive measures.
- v) Use of business agents – Intervention in business relationships and occasional transactions performed through business agents that may be associated with the concealing of the source and illegality of the amounts involved.

Appendix I of this Standard describes a set of examples evidencing risk factors for money laundering associated with counterparties.

2.2.2 Duty of diligence and control

In advance of conducting occasional transactions or establishing a business relationship with counterparties, employees shall perform the following procedures:

- a) Request the performance of the counterparty integrity check by the DAJG if one or more criteria described in Article 2.1 of the Third Party Integrity Check Standard (NT-P-029) are met, or if the employee identifies any suspected elements that indicate the existence of money laundering-related activities;
- b) Identify potential suspicious circumstances associated with the transaction, including those described in Appendix I, and report them to the DAJG;

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- c) Identify potential politically exposed persons ("PEPs") or relevant political or public office holders associated with the counterparty and report them to the DAJG.

2.2.3 Duty of communication

If the employee identifies or becomes aware of any suspicious element associated with a transaction performed, or expected to be performed, by any entity in the Galp Group, he/she should immediately contact the DAJG.

Upon analysis of the legal relevance of the information provided, the DAJG shall undertake appropriate procedures in coordination with the OU in question, including, if applicable, reporting such information to the appropriate judicial and/or governmental authority.

2.2.4 Duty to refrain

Should an employee have the knowledge or grounded suspicion that a transaction is found to be associated with criminal activity, he/she shall obtain DAJG's opinion regarding the appropriateness of performing the transaction or its continuation. If an unfavourable opinion is issued, exit strategies and appropriate risk mitigation measures shall be jointly defined by the OU in question, the DAJG, and the Risk Management Department.

Upon verification of the provisions in the preceding paragraph, the employee shall not report in any circumstance to the counterparty the reasons underlying the non-performance, suspension or termination of the transaction.

2.2.5 Duty of refusal

In the event that the counterparty does not provide the data and elements required from it under the third party integrity check procedure, and such data and elements are not available through public or private databases available for consultation in the Galp Group, the employee shall, subject the prior opinion of the DAJG, refuse to perform the transaction.

2.2.6 Duty of conservation

Employees shall ensure that all documentation obtained by themselves pursuant to this Standard shall be emailed to the DAJG in order to enable its filing.

DAJG shall retain, in digital archives, the documentation made available for the period outlined in applicable law.

2.2.7 Duty of collaboration

Employees who are required to collaborate with the relevant judicial or government authorities

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within the scope of this Standard shall inform the DAJG of such request; the DAJG will advise employees and actively participate in performing the necessary diligences.

2.2.8 Duty of non-disclosure

Employees shall not disclose to the counterparty any information on the procedures performed internally within the scope of this Standard, including any diligences performed in collaboration with any judicial or governmental authorities, and shall also ensure that such procedures and diligences will only be disclosed to other employees who require access to such information within the provision of their duties.

2.2.9 Duty of training

The DAJG will promote the performance of appropriate training within the scope of this Standard, with particular focus on employees that in furtherance of their duties interact with counterparties, including: customer service, business promotion and management, customer attraction or partnership development.

2.2.10 Special duty of reporting purchase and sale, exchange and leasing of real estate

In advance of entering into contracts for real estate purchase and sale, exchange or lease by Galp Group entities, the employee responsible for such transactions shall inform DAJG in order to further perform the counterparty's integrity check in addition to the mandatory legal reporting of the transaction in question to competent government and/or judicial agencies.

2.3 Ultimate beneficial owners

For the purposes of this Article 2.3, an ultimate beneficial owner is the individual or individuals who ultimately hold the property or control of the counterparty in the transaction in question, and/or the individual or individuals on behalf of whom an operation or activity is performed.

2.3.1 Duty of identification of counterparty beneficial owners

In furtherance of the identification and diligence procedures as per the rules set forth in Item 2.2.2, the counterparty's beneficial owners shall be identified when the counterparty is a collective person. For the appropriate purposes, the counterparty shall provide accurate and current information and documentation that allows the identification of its beneficial owner(s).

2.3.2 Registration of the ultimate beneficial owners of Galp Group companies

The DAJG shall proceed with the identification and registration of the beneficial owners of the Galp Group entities in accordance with the criteria outlined in applicable law.

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2.4 International sanctions/restrictive measures

For the purposes listed below, international sanctions and restrictive measures are those of a political-diplomatic nature aimed at altering certain actions or policies of third parties, such as violations of international law or human rights. Those may have as recipients (i) governments of other countries and any entities headquartered in such countries, (ii) non-state organisms (groups or organisations); or (iii) singular and collective individuals.

Such sanctions and measures may have a global scope, restricting any transactions of a business nature with the sanctioned entity, or a sectorial scope, restricting only the performance of certain transactions.

2.4.1 Compliance with sanctions/restrictive measures

Employees shall refrain from promoting or entering into transactions that determine, or may determine, the breach by Galp Group of international sanctions or restrictive measures emanating from:

- (i) Governmental entities having jurisdiction over Galp Group entities;
- (ii) supra-governmental entities whose normative acts bind the governments of the countries in which Galp Group entities develop activities, such as the United Nations Security Council or the European Union Council;
- (iii) Governmental entities whose emanating normative acts may directly or indirectly originate negative impacts to Galp's activities in the event of a non-compliance therewith.

Employees should consult with the DAJG whenever they suspect or have evidence that a transaction, even if ongoing or already performed, may breach or have breached such sanctions or restrictive measures.

3. Procedures

3.1 Reporting

Any request for the practice of illegal acts or otherwise as set forth in this Standard by an employee of Galp Group shall be reported to the Galp Conduct and Ethics Committee, as per the terms outlined in the Galp Code of Ethics and Conduct and the Whistle-Blowing Procedure of the Galp Conduct and Ethics Committee.

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3.2 Monitoring

The DAJG will monitor the appropriate implementation of this Standard, including through the promotion of audits, with a view to the necessary measures being implemented and aligned with international best practices related to the management systems aimed at preventing money laundering and terrorist financing.

4. Matrix of Responsibilities

Task	Member of Governing Bodies	Galp Representatives in Joint Venture management bodies	Galp representatives in the presence of other stakeholders	Employee	Conduct and Ethics Committee	Risk Management Department	Legal & Governance Department
Know and respect the standard	X	X	X	X	X	X	X
Ensure its implementation by Galp Group OU [Unidades Organizacionais (Organisational Units)] and entities and adapt to local legislation	X						X
Promotion of rules, processes and equivalent procedures in non-Galp Group joint ventures		X					
Ensure compliance with the general duty and particular duties associated with the prevention of money laundering	X	X	X	X			X
Ensure compliance with regularly reporting duty on real estate purchase and sale, exchange and leasing							X
Identify and record the Beneficial Owners of the Counterparty and Galp Group companies							X

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Task	Member of Governing Bodies	Galp Representatives in Joint Venture management bodies	Galp representatives in the presence of other stakeholders	Employee	Conduct and Ethics Committee	Risk Management Department	Legal & Governance Department
Ensure the processing of reports associated with the practice of illegal acts or those contrary to the provisions of these rules					X		
Monitor compliance with these rules and promote audits							X

5. Protection of personal data

The general principles captured in NT-009 | Personal Data Protection shall apply to the processing of any personal data that may be carried out pursuant to the fulfilment of the activities described in this Standard.

6. Periodic suitability verification

6.1 Galp ensures the periodic monitoring of this standard to verify its suitability at meeting the most advanced standards of organisation, corporate governance, internal control and the Galp Integrated Management System Benchmark requirements, pursuant to the Integrated Management System Benchmark standard NT-R-016.

6.2 These rules are subject to regular verification and adequacy, in a term not longer than 2 years.

7. Final and transitory provisions

7.1 This standard enters into force on the business day after its publication.

7.2 Any questions regarding the interpretation and application of this standard shall be submitted to the DAJG.

7.3 Any exceptions to this standard must be previously validated by the Galp Ethics and Conduct Commission, the exception request and the appropriately substantiated decision shall be recorded in documentary support.

Attachment I

Examples of Red-Flags Associated with the Risk of Money Laundering and Terrorist Financing

The following circumstances are considered examples of red flags associated with the risk of money laundering and terrorist financing:

1. The counterparty demonstrates an unusual concern with the diligences performed by Galp under these rules, refusing or demonstrating reluctance to disclose information regarding its activities, structure, or beneficial owners.
2. The performance of the transaction does not coincide with the investment strategy or area of action of the counterparty, which has difficulty in describing the nature of its business or demonstrates a lack of knowledge regarding the activities where it supposedly operates.
3. The information provided by the counterparty regarding its source of income is false, misleading, or substantially incorrect.
4. When requested, the counterparty refuses or fails to identify, the legitimate source of its funds or assets.
5. The counterparty (or a person publicly associated with the counterparty) has a history of illicit actions.
6. The counterparty appears to act on behalf of another entity but refuses or is reluctant to provide information for that entity, without a legitimate business reason for such.
7. The counterparty insists on paying amounts greater than EUR 3,000 in cash only or attempting to pay small amounts in cash frequently with the apparent purpose of avoiding that limit.
8. Different counterparties without apparent business or social relations use the same business address or are represented by the same attorney or legal representative, without reasonable justification.
9. The counterparty establishes business relationships or performs transactions through an intermediary in a high-risk country of money laundering or corruption.
10. The counterparty has its headquarters, or has accounts, in jurisdictions that are the subject of sanctions or restrictive measures or is itself subject to sanctions emanated by the entities described in Article 2.4.1 of this Standard.

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11. The counterparty has its headquarters, or has bank accounts, in jurisdictions found in the list of high-risk countries for money laundering or corruption.
12. The counterparty's ultimate beneficial owner is a Politically Exposed Person or has family or business relationships with Politically Exposed Persons.