

This translation of the Portuguese document was made only for the convenience of non-Portuguese speaking Shareholders. For all intents and purposes, the Portuguese version shall prevail.

PROPOSAL

Item 5 of the agenda
of the general meeting of
Galp Energia, SGPS, SA, Public Company,
on May 7th 2012

GALP ENERGIA REMUNERATION POLICY 2012

FOREWORD

The Remunerations Committee of Galp Energia, SGPS, S.A. – Sociedade Aberta, in its capacity as responsible for the definition of the policy on the remuneration of the members of the corporate bodies, pursuant to the mandate that was given by the General Meeting of Shareholders in accordance with Article 8 of Articles of Association, requests that the following Statement regarding item 5 of the Agenda be communicated.

The Statement describes the process followed to define and implement the Galp Energia Remuneration Policy for 2012 as well as the aims and general principles which inspire the Policy itself, in accordance with Law number 28/2009 of 19 June, with CMVM Regulation 1/2010 and with the Corporate Governance Code (2010 Recommendations), in order to ensure the utmost clarity and effectiveness in communications both to the market and to the Shareholders.

Information on implementations of the 2011 Remuneration Policy and on individual annual remunerations received in 2011 by members of the Board of Directors and of the Supervisory Board are provided in the 2011 Corporate Governance Report ⁽¹⁾.

GOVERNANCE PROCESS

Galp Energia's General Meeting has delegated the formulation of policies regarding the remuneration of the Company's governing bodies to a Remuneration Committee elected by the

¹ See Chapter 2 - Management and Supervisory Bodies, section IV – Remuneration, on page 42.

Shareholders' Meeting for a three year period and composed of three Shareholders. At least one member of the Committee possesses knowledge and experience in Remuneration Policy. The Articles of Association also set role incompatibilities between the positions of member of the Board of Directors or member of the Supervisory Board and the position of member of the Remuneration Committee.

The Remuneration Committee in charge is composed by the following Shareholders, elected by the General Meeting held on 30 May 2011 for the three-year period 2011-2013: Caixa Geral de Depósitos (as Chairman); Eni; Amorim Energia, B.V.

In line with Galp Energia's governance model, the Remuneration Committee is responsible for determining the remuneration of the Chairman of the General Shareholders' Meeting and of the corporate bodies' members of Galp Energia and for submitting to the Annual General Shareholders' Meeting, upon the terms required by applicable laws and regulations, the Statement on Remuneration Policy adopted in respect of the corporate bodies' members of Galp Energia.

The Remuneration Policy defined in accordance with the instructions from the Remuneration Committee, will be implemented by the delegated bodies, with the assistance of the relevant Company departments.

GENERAL PRINCIPLES

The Company's Remuneration Policy is aimed at strengthening values, skills and conduct compliant with the Company's long term interest, culture and strategy.

In line with the above mentioned recommendations and applicable laws and regulations, the Policy reflects the Company's vision for good corporate governance and, in detail, is guided by the following objectives:

- (i) to attract and motivate the best professionals for the positions to be occupied within the Company, promoting the stability in the exercise of the respective roles of the members of the elected corporate bodies;
- (ii) to adequately remunerate, in conditions consistent with those prevailing in the market, the responsibilities assigned, the results achieved and the business know how of corporate companies members, in accordance with the competencies and responsibilities corresponding to their respective positions and

- (iii) to reward the increase of efficiency and productivity and the long term value creation for shareholders, through the definition and implementation of an incentive system associated with the achievement of pre-established and quantifiable economic, financial and operating targets, defined in accordance with the sustainable growth of the results, as well as with the aim to discourage excessive risk taking.

In this context, the Remuneration Committee defines the objectives and approves the Company results for determining the variable component of the remuneration of the Executive Committee members.

REMUNERATION POLICY GUIDELINES FOR 2012

I- Remuneration of the Board of Directors

1. Non Executive Directors

a) The remuneration of the non-executive members of the Board of Directors shall consist of fixed emoluments, corresponding to a monthly salary, payable 14 times per year, of an amount to be determined by the Remunerations Committee in line with market practices.

b) Always in line with the referred market practices, the remuneration of the non executive members of the Board of Directors may be differentiated in the case of the Chairman, with reference to the special responsibilities concerning the representation of the company that arise from the law, and in the case of the non-executive members of the Board of Directors who discharge special supervision and monitoring responsibilities within any special committees as may be created.

2. Executive Directors

The remuneration of the Board of Directors' Executive Committee members shall have two main components, being one fixed and one variable.

Fixed Remuneration

The fixed component shall correspond to a monthly fixed salary, payable 14 times per year, of an amount to be determined by the Remunerations Committee bearing in mind the nature of the

roles and responsibilities allocated and relevant market practices regarding equivalent positions in other largest national and international companies operating in the same sectors.

Variable incentives

The variable component, eventual by nature, shall be determined by a performance assessment in connection with the achievement of pre-established and quantifiable economical, financial and operational targets, with the aim to define a competitive remuneration package and to establish a reward system that ensures the executive directors interests being aligned with the interests of the Company and its stakeholders and consistent with the economical and financial sustainability framework.

In order to encourage a better alignment of the performance of the Board of Directors' Executive Committee members with Galp Energia's shareholders interests on a financial and economical sustainability perspective, it is considered appropriate to introduce multi-year performance objectives. Such a policy is aligned with the best international practices and has been recommended by the Portuguese Securities Market Commission (CMVM):

“The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. (...) A significant part of variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during that period”^(2)

Thus, it is proposed that the current variable remuneration system is reinforced with the introduction of a long term variable compensation component, in order to align the objectives of the Board of Directors' Executive Committee members with Galp Energia's shareholder long-term sustainability interests.

Therefore, the variable Remuneration shall have two components:

- Annual Variable Remuneration, representing 50% of the total variable remuneration.
- Long Term Variable Remuneration, representing 50% of the total variable remuneration.

The value of the Annual Variable Remuneration shall be determined by the Remuneration Committee in accordance with the achievement of the specific Company's objectives defined for

² CMVM Corporate Governance Code 2010 (Recommendations), February 2010

the previous financial year. The guidelines proposed by the Committee for 2012, provide for the following key performance indicators: i) Total Shareholder Return (30%) to compare the Galp share performance (including dividend paid) with that of a peer group composed by the following companies: Neste Oil, Repsol, OMV, MOL, and BG Group, together with the PSI 20 market index; ii) EBITDA (30%); iii) Net Debt/Equity Ratio (15%); iv) operational performance (25%).

The guidelines proposed by the Committee for the Long term Variable Remuneration provide for the following three year average indicators:

- Galp Energia Total Shareholder Return (TSR) vs Peer Group, with a weight of 60%;
- EBIT Galp Energia, at replacement cost, with a weight of 40%.

Although this component is calculated each year, the payment will only become effective if, at the end of a three-year period, the objectives defined are accomplished. Given the nature of the roles of the Board of Directors' Executive Committee members, the payment of the Long Term Variable Remuneration will be due at the end of the tri-annual mandate.

In order to guarantee the coherency between the results obtained and the bonuses paid, the total amount of variable remuneration is linked to Galp Energia's net profit. If the Company's net profit is below 80% of the respective budget, no variable remuneration will be paid.

Benefit

The remuneration of the executive members of the Board of Directors shall be completed by good and services mainly consisting of social security benefits.

II- Remuneration of the Supervisory Board and Statutory Auditor

The remuneration of the members of the Supervisory Board and of the Statutory Auditor shall consist of fixed emoluments and shall be defined bearing in mind national and international market practices and the efforts to create alignment with the interests of the Company and its stakeholders.

The remuneration of the members of the Supervisory Board shall correspond to a fixed monthly stipend, payable 14 times per year, being differentiated in the case of the Chairman in regard of the other members considering the special responsibilities he is called upon to discharge.

The remuneration of the Statutory Auditor shall be comprehensive of his activity in connection with the legal auditing and certification of the company's accounts, and shall be agreed in contract pursuant to normal market conditions.

III - Remuneration of the General Meeting of Shareholders members

The remuneration of the members of the General Meeting of Shareholders shall correspond to a meeting fee, being differentiated for the Chairman, the Deputy - Chairman and the Secretary, its value being determined in accordance with the situation of the company and with market practice.

Lisbon, 11th April 2012