



# sustainability journey





# Index

**Part II – Sustainability Journey**

1.	Our journey to net zero by 2050	4
2.	Preserve our planet	13
3.	Boost a just transition for all	19
4.	Protect and empower our people	31
5.	Promote a value-adding, conscious business	38



Lee Hodder

Chief Sustainability Officer & VP Strategy



*At Galp, we want to play an active role in the Energy Transition. A transition that at its core has both our net zero ambition by 2050 and the need for it to be Just for those involved. A transition that not only aims to provide affordable and reliable energy but one that does so in the most sustainable manner – being conscious of the impact of our value chain activities on nature, the environment, and the society in which we operate.*

*I remain confident that our sustainability journey, focused on five core foundations, will enable us to be competitive and will lead us to success in the short, medium, and long term.*

transformation while continuously updating our knowledge of the emerging opportunities, risks and dilemmas associated with the new value chains and energy system of the future.

In 2022, we refreshed our Sustainability Roadmap. This updated approach focuses on five foundations that aim to support all business units towards generating positive impact. Each foundation guides longer-term priorities & economic ambitions, covering environmental, social and governance topics.

-  Our journey to net zero by 2050
-  Preserve our planet
-  Boost a just transition for all
-  Protect and empower our people
-  Promote a value-adding, conscious business





Galp strategy is anchored on value creation for our shareholders and stakeholders through energy solutions that meet the needs of the communities we serve, developing systems able to supply affordable and reliable energy in an economical and environmentally sustainable way.

This has been a key element of our journey. And it will continue to be in the future now with a clear plan to progressively decarbonise our portfolio, actively participating in the energy transition.

In late 2021, Galp took the step of combining our Strategy & Sustainability teams in recognition that it is not possible to separate business ambitions and sustainability performance. We advanced further to embed sustainability into the core of our strategic discussions, investment decisions and in how we engage and learn from the outside world. Many of the challenges of the ongoing energy transition are not yet fully understood or identified. Therefore, our strategy simultaneously includes a focus on delivering the portfolio

1. Our journey to net zero by 2050



Our 2030 ambitions	Accelerate decarbonisation across our ecosystem			Reshape our portfolio with focus on low carbon	
Our targets and KPIs	Reduce absolute emissions from operations (scope 1 & 2 equity) in 40% by 2030	Reduce production-based carbon intensity in 40% by 2030	Reduce Downstream sales-based carbon intensity in 20% by 2030	Allocate >70% Net Capex to Low Carbon (2023-2025) <sup>1</sup> Including divestments	
2022	3.3 mtonCO <sub>2</sub> e  -20% compared to 2017	80.2 gCO <sub>2</sub> e/MJ  -14% compared to 2017	73.4 gCO <sub>2</sub> e/MJ  -4% compared to 2017	33.5%	
Material topic	Climate Strategy			Sustainable energy portfolio	
Our alignment with the SDGs	<div><div></div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div>	<div><div></div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>	<div><div></div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<div><div></div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<div><div></div><div>13</div><div>CLIMATE ACTION</div></div>

<sup>1</sup>Besides the categories eligible under the EU Taxonomy regulation, Galp also considers activities that may contribute significantly to mitigate climate change, such as investments in the battery value chain, hydrogen network, and CO<sub>2</sub> emission reduction projects in the Refinery (mainly efficiency energy).





Galp is an integrated energy company with the ambition of driving and thriving through the energy transition, reshaping its high-quality portfolio towards long term value creation while addressing growing global concerns over climate change.

Effective governance of climate-related issues is necessary across organisations to guarantee that critical risks are mapped and mitigated and all relevant opportunities that may arise as a result of a changing climate are identified and addressed. This includes adopting policies and practices that reduce greenhouse gas emissions while simultaneously incentivizing their internal adoption and working with stakeholders so they implement similar practices.

## Accelerate decarbonisation across our ecosystem

Our strategy integrates our climate & energy transition related ambitions/challenges, our capital allocation plans, our climate engagement and just transition, and finally our governance and risk management framework.

## Clear and effective oversight and management of climate

Failure to address climate risks and opportunities can compromise a Company's capability to guarantee long term value generation, attract investment, talent and even its license to operate.

Galp recognizes the importance of responsible leadership in addressing Climate & Energy Transition related risks and opportunities – over the short, medium and long term – integrating the Company's

strategic formulation process and investment planning. These are overseen by the Board of Directors 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 topics, 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. The current chairman of the Sustainability Committee is also the vice-chairman and the lead independent director of the board, and a member of the Risk Management Committee.

## Oversight on climate metrics

The Board of Directors, Executive Committee and Sustainability Committee are informed on a quarterly basis on carbon metrics performance against targets and updated on the decarbonisation roadmap status or any key climate change related risks and opportunities via a specialized report. The Board also regularly reviews, evaluates and approves Galp's risk appetite, annual budget, its short- and long-term incentives, overviews the Company's consolidated performance as reported in the annual Integrated Report and analyses the business plan to ensure it is appropriate to implement the Company's energy transition strategy.

Galp's Chief Sustainability Officer (CSO) is the Director of the Strategy and Sustainability Department, responsible for corporate management of sustainability risks and has the power to establish and propose assessment and monitoring methodologies. These are implemented in a coordinated effort with the business units and Corporate Risk Management team, thereby ensuring that an action plan is established to minimise and mitigate these risks.

## Integrating carbon pricing in investment approval

Galp considers that carbon cost internalization mechanisms, such as carbon pricing, as one of the most effective ways to promote the investment to lower carbon emitting solutions, while securing technological neutrality. Anchored on this belief, Galp includes a global carbon price when evaluating investments in new projects or changes in existing ones. To ensure the resilience of its investments, the Company considers a carbon price on investment analysis, even in geographies without emissions trading schemes in place, considering prices consistent with external long-term energy transition scenarios (>€90/tonne of CO<sub>2</sub> by 2025, >€100/tonne of CO<sub>2</sub> by 2030, >€150/tonne of CO<sub>2</sub> by 2050).





Additionally, Galp always evaluates the impact of the related CO<sub>2</sub> emissions in its decarbonisation targets (production carbon intensity, downstream sales carbon intensity, and operational absolute emissions) before any investment decision. This approach ensures the prioritization of low carbon-emitting projects, keeping Galp on track to achieve its decarbonisation commitments.

## Physical and transition climate risks and opportunities assessment

Galp has been improving its identification and quantification of climate related risks and opportunities, including acute and chronic physical risks, and transition risks, aligning with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and preparing for EU Taxonomy for sustainable activities disclosure.

This analysis involved alignment of Galp's corporate risk and opportunities taxonomy with the categories recommended by the TCFD, the definition of a complete scenario framework considering physical and transition scenarios, comprehending relevant 1.5°C and/or well-below-2°C aligned IPCC scenarios for physical variables and in-house or IEA scenarios for market variables. The assessment is performed on short-, medium- and long-term time horizons to ensure these risks are captured and assessed on a time scale compatible with the one of climatic evolution and long-term Company strategy.

This procedure 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. Following the annual assessment and the analysis of the calculated expected

loss and climate value at risk, Galp prioritizes the risks and develops appropriate action plans and mitigation measures.

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

## Reduce and mitigate our GHG emissions

We aim to become a Net Zero Company and our 2030 climate related targets<sup>1</sup> are a crucial milestone in that journey. The company has defined three 2030 emission reduction targets using independent metrics which, coupled with the commitment to invest in renewable and low carbon technology, will reflect its progress towards a low carbon future, focused on the decarbonisation of our industrial operations, of the primary energy that we produce and of the energy that we sell to our customers.

### 2030 targets

Our short to mid-term targets are a direct result of Galp's business plans and associated milestones and are therefore embedded in our strategy. Business plans are updated yearly and reflect internal forecasts for the budget and economic outlook for the next years. The variables used in emissions, sales and production forecasts are then aligned with our long-term strategic development plan which includes important changes in our portfolio.

- The **absolute emissions** metric includes all operational emissions (scope 1 and 2), on an equity basis, from Galp's Upstream, Industrial and Commercial assets. It reflects decarbonisation of our operations through increases in energy

efficiency, integration of renewable energy and reorganization of industrial activities. It is forecasted that Galp will reduce its absolute emissions in 40% by 2030 (vs 2017).

- The **all-downstream sales carbon intensity**<sup>2</sup> includes all emission scopes (1, 2 and 3) associated with the value chains of all energy products sold by Galp (e.g., liquid fuels, gas, electricity). Its reduction reflects the progressive decarbonisation of our portfolio, as more renewable and low carbon solutions are made available and adopted by our customers. The carbon intensity of Galp's downstream sales will be reduced in 20% by 2030 (vs 2017).
- The **production carbon intensity**<sup>2</sup> includes operational scope 1 and 2 emissions from the Company's assets and scope 3 emissions from the use of produced hydrocarbons and biofuels and its evolution will materialize the transition of Galp's energy production into a low carbon focused producer with renewable electricity, biofuels and renewable hydrogen progressively reducing oil and gas. The carbon intensity of the energy produced by Galp will be 40% lower in 2030 (vs 2017).

<sup>1</sup> These targets consider 2017 as a baseline as it marks the start of the diversification of our portfolio and commitment to the development of a transition strategy.

<sup>2</sup> 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.





## 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 was a member of the technical working group involved in the development of the Science Based Targets initiative (SBTi) methodology for the Oil & Gas sector (by CDP) and follows internationally recognised frameworks and guidance (e.g., GHG Protocol, IPIECA, SBTi O&G draft) to account for its emissions and calculate carbon intensity.

An independent external expert verified that the two carbon intensity accounting methodologies are adequate, properly identified and referenced, and that the assumptions and input data used in the calculations performed are acceptable, reasonable and duly substantiated. For more information on the carbon intensity metrics, please refer to our [website](#).

Whenever the SBTi guidance for the O&G sector becomes available, Galp will evaluate its application and the impacts on the current targets.

## 2050 net zero ambition

The current short and mid-term targets are the first and critical steps towards the ambition to be net zero in 2050. As the energy transition accelerates and society moves towards a low carbon future so will we, and our business plans and portfolio will mirror this progress, however it is challenging to have the same kind of granularity in terms of specific projects and investments for such a distant time horizon, especially given that some of the solutions and technologies available to decarbonise in the future may not be technically viable as of today.

Our energy mix will continuously change over time with Galp continuing committed to supply affordable, reliable and sustainable energy.

## Methane

Galp is aware of the increased relevance and urgency of cutting methane emissions to limit global temperature increases. Although the Company's methane emissions have a relatively low weight in its operational emissions at 1% in 2022 and are mostly associated with non-routine flaring in non-operated Upstream assets, Galp aims to reduce methane emissions from its operated assets (5% of total current CH<sub>4</sub> emissions) in line with industry expectations. Also all of our CO<sub>2</sub> reduction targets are expressed in a CO<sub>2</sub>e basis that incorporates the impact of methane. Finally, all of the upstream operators of Galp's upstream production are signatories of the OGCI Methane Reduction Initiative.

## Performance against targets

The conflict in the Ukraine and the ensuing energy crisis posed a challenge for all energy companies. As a consequence of these events, decisions had to be made to ensure the continuing supply of fuels at affordable prices. This implied reducing the consumption of natural gas and using refining sub-products as fuel in the operations of the Sines refinery, leading to an increase in its absolute scope 1 emissions. These temporary constraints will probably be removed in the near future and the Sines refinery should resume its efficient low GHG intensity performance.

Additionally, the commissioning phase of the Coral FLNG, in Mozambique, involved substantial flaring, leading to a temporary spike in scope 1 emissions during the second half of 2022. The unit will soon finish the commissioning phase and subsequent activities are actively energy optimized since project design with no routine flaring.

The emissions intensity of the energy produced by Galp decreased 14% in relation to 2017, benefiting from the increase in renewable electricity and biofuels production while the sales carbon intensity showed a decrease of 4% in relation to the baseline, reflecting the aforementioned increases in biofuels and renewable electricity production and also changes in refinery output to lighter, less carbon intensive fuels.





## Galp's Carbon Footprint

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

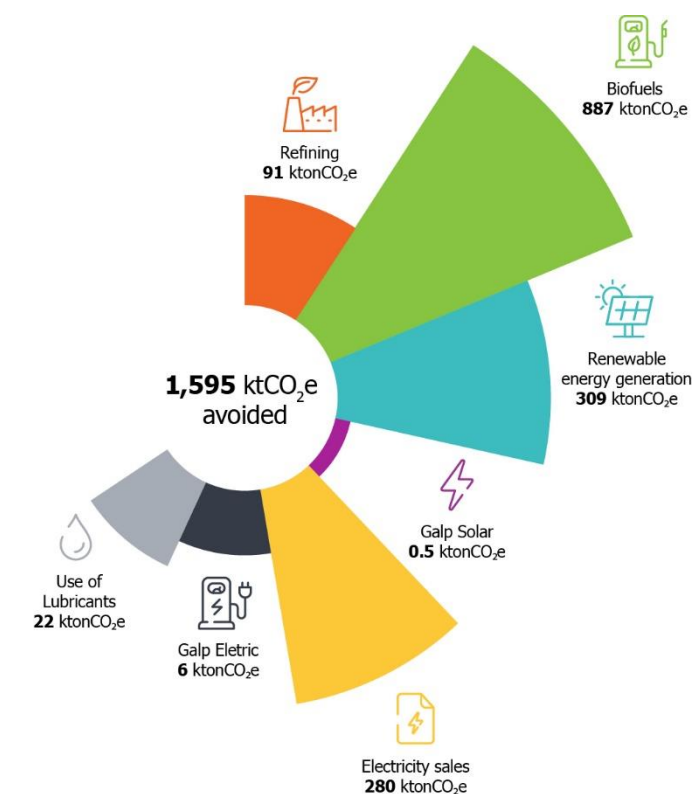
CO <sub>2</sub> e emissions – scopes 1, 2 and 3		
	Unit	2022
<b>Direct emissions – Scope 1</b>		
<b>Total</b>	<b>mtonCO<sub>2</sub>e</b>	<b>3.4</b>
Upstream <sup>1</sup>	ktonCO <sub>2</sub> e	733
Industrial & Midstream	ktonCO <sub>2</sub> e	2,703
Commercial	ktonCO <sub>2</sub> e	0.2
Renewables & New Businesses	-	-
Other	ktonCO <sub>2</sub> e	5.2
<b>Indirect emissions – Scope 2 (market based)</b>		
<b>Total</b>	<b>ktonCO<sub>2</sub>e</b>	<b>9.1</b>
Upstream	ktonCO <sub>2</sub> e	0
Industrial & Midstream	ktonCO <sub>2</sub> e	0.6
Commercial	ktonCO <sub>2</sub> e	8.5
Renewables & New Businesses	-	-
Other	ktonCO <sub>2</sub> e	0.03
<b>Indirect emissions – Scope 3</b>		
<b>Total</b>	<b>mtonCO<sub>2</sub>e</b>	<b>46.2</b>
Upstream	mtonCO <sub>2</sub> e	3.0
Industrial & Midstream	mtonCO <sub>2</sub> e	33.6
Commercial	mtonCO <sub>2</sub> e	9.6
Renewables & New Businesses	-	-
Other	ktonCO <sub>2</sub> e	2.3
---Or---		
Purchased good and services	mtonCO <sub>2</sub> e	4.7
Fuel and energy related activities	mtonCO <sub>2</sub> e	1.0
Business travel	ktonCO <sub>2</sub> e	2.4
Transportation and distribution (upstream+downstream)	mtonCO <sub>2</sub> e	0.6
Processing of sold products	mtonCO <sub>2</sub> e	1.3
Use of sold products	mtonCO <sub>2</sub> e	38.6
Investments	mtonCO <sub>2</sub> e	0

<sup>1</sup> Considers all emissions from Coral FLNG, including from activities classified as midstream related the primary intent of producing gas liquids for sale as liquefaction, etc

## Moving towards low carbon solutions

### Avoided emissions

In 2022, Galp avoided the emission of approximately 1,595 ktonCO<sub>2</sub>e 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.







## Tackling emissions in our businesses

### Upstream

The high efficiency and low carbon intensity of our portfolio, at 10.1 kgCO<sub>2</sub>e/boe, close to half of the industry's average of 18.3 kgCO<sub>2</sub>e/boe (IOGP average of 2021), is a result of the focus on sustainability and energy efficiency during project design and operations. Our journey starts in project evaluation, where we fully incorporate the amount of carbon dioxide in the field into our investment decisions, focusing on developing assets with low carbon intensity.

- Newer projects, such as the Bacalhau field development, located in the Brazilian Santos basin, have taken this focus further, resulting in even lower field lifetime emissions. The Bacalhau FPSO will feature a combined cycle gas turbine system to increase the efficiency of the power station. This, combined with an optimized gas system, allowed to greatly reduce emissions from power generation and flaring, resulting in a world class lifetime emission intensity of 9 kg CO<sub>2</sub>e/bbl
- The Coral Sul FLNG was designed with energy optimisation focus, resulting in an energy efficient plant design and lower GHG emissions and zero routine flaring. This was achieved by use of aero-derivative gas turbines for refrigerant compressors and power generation (equipped with waste heat recovery systems). This unit was planned to consume 256 kWh/t LNG in the liquefaction process, lower than the industry benchmark of 275-400 kWh/t LNG.

- The company has also been committed to the continuous improvement of the efficiency of the remaining assets in production, commissioning flare gas recovery systems and closed flares and optimising pump usage, equipment rotation as well as identifying other initiatives that can lead to higher energy efficiency and lower emissions.

Additionally, Galp is also a subscriber of the World Bank's Zero Routine Flaring by 2030 initiative by which it committed to not to perform routine flaring in its hydrocarbon production projects, known to be a significant source of emissions within the industry.

### Industrial & Midstream

#### Efficiency and emission reductions at Sines

Despite all the challenges posed by the ongoing energy crisis, the Sines Refinery continued focused on improving the efficiency of its operations. In 2022, we invested in several energy efficiency projects which reduce energy consumption and reduce emissions, including replacing boilers in the FCC unit, upgrading exchangers to more efficient technologies and replacing reactors with models that allow higher yields and lower energy usage. When fully implemented, these projects will allow reductions of > 90 kton CO<sub>2</sub>e/year.

Several efficiency projects have been identified and approved for investment until 2025 which will result in an investment of 50m€ and emission reductions of approximately 100 kton CO<sub>2</sub>e. Additionally, dedicated teams are continuously working to reduce emissions and increase the efficiency of the operations identifying new opportunities and synergies on a regular basis.

#### Low Carbon fuels

In 2022, Galp continued to produce HVO, at the Sines Refinery by co-processing in the HD unit, with an output of 101 kton, adding to the c. 25.5 kton of second generation FAME biodiesel produced at Enerfuel.

The company is also engaged in developing low carbon renewable fuels for all modes of mobility and has, in 2022, taken important steps towards developing the green hydrogen value chain while simultaneously maturing the 270 ktpa HVO project. These projects will be crucial for the decarbonisation of the Sines refinery and the company's portfolio, allowing it to develop and provide low carbon fuels for all modes of transport.

During the year c.306 000 m<sup>3</sup> of biofuels were integrated in the diesel (biodiesel and HVO) and gasoline (bioethanol) sold by the Company, including the c. 25.5 kton of second-generation FAME biodiesel produced by Enerfuel. This represents approximately 887 ktons of avoided CO<sub>2</sub> emissions on a life cycle basis, when compared to a fossil equivalent.

#### LNG supply

Galp recently signed an agreement to purchase 1 mtpa LNG to be delivered for 20 years from 2027, from NextDecade's Rio Grande LNG project, in Texas. It includes one of the largest projects for Carbon Capture and Storage facilities in North America, substantially reducing the life cycle emissions of LNG associated with this energy intensive process and Galp has the option of purchasing LNG volumes whose liquefaction emissions were captured.





- **Carbon Capture Storage & Utilisation**

Galp is exploring a range of long-term pathways and options to both mitigate, reduce & utilise CO<sub>2</sub> beyond 2030. It is too early to be specific. However, our recent Innovation award for Carbon Capture & utilisation of CO<sub>2</sub> technologies is an example of our proactive work – involving 70 applications from companies across 21 countries – ranging from use of CO<sub>2</sub> for e-fuels, production of chemicals and other value creating products.

- **Carbon offsets**

Carbon offsets are not part of Galp's shorter-term (2030) decarbonisation targets. They may, however, provide a useful tool to achieve Net Zero emissions by 2050 in line with globally recognised target setting standards such as the SBTi Net Zero standard which indicate c. 5-10% of baseline emissions may be needed to be offset by 2050. Within this scope, the Company is committed to use only high-quality offsets that would result in permanent, additional and verified emission reductions.

Carbon offsets can also be important for our customers, who are increasingly concerned about their impact on climate and therefore might be interested in, through Galp, offsetting the emissions from their fuel consumption until they are replaced by viable low carbon intensity alternatives. Addressing these needs, Galp is implementing solutions that integrate offsets on its commercial offer and building capabilities and standards to manage carbon offsets and credits, from project development to trading, according to the best available recommendations to guarantee project quality and process reliability.

## Offsetting emissions from sponsored events

Galp has offset emissions from events that it sponsored in 2022 in an attempt to mitigate their overall impact. The emissions from these events came mostly from the transport sector, where Galp is a major service provider and player, and Galp purchased a total of 4,111 credits to offset emissions from the Rock in Rio Lisboa festival and the Portuguese Football Federation's participation in World Cup 2022.

Please consult our website for more information related with carbon offsetting at Galp.

### Commercial

In 2022, Galp continued to deliver low carbon solutions to its customers, broadening its portfolio to provide new low carbon intensity fuels for aviation and water borne transport.

The company became a first mover in both air and water borne transport by providing low carbon fuels for the first Sustainable Aviation Fuel (SAF) powered flights from Portugal. It also announced a strategic partnership with TAP and ANA – Aeroportos de Portugal (Portuguese airport company) to develop, produce and supply SAF on a large scale, from waste, recycled used oils and other sustainable raw materials.

In respect to water-borne transport, Galp started supplying sustainable, residual feedstocks derived HVO diesel to several Douro Azul ships, a Portuguese cruise company, reducing emissions from the fuel use in cruises in the World Heritage Douro Valley area by c. 80%.

- **Galp Electric**

During 2022, Galp Electric continued to expand its network of charging points which totalled more than 1950 charging stations in Portugal and Spain, 26% of which are fast and ultra-fast charging stations. Sales of electricity for mobility increased to 7.2 GWh and correspond to an estimated c. 5.5 ktons of avoided CO<sub>2</sub> emissions when compared to the same energy used on an ICE vehicle, on a life cycle basis.

## Galp and BMW

In Spain, Galp and the BMW group joined forces to create a network of 25 ultrafast charging centers for electric vehicles in key medium and long-distance corridors in the country. The agreement includes the installation of more than 100 ultra-fast charging points powered by renewable generation sources, thanks to the installation of solar panels located in the canopy. Galp and BMW will also collaborate in the development of open innovation initiatives through Galp's Upcoming Energies programme. BMW will participate in the creation of synergies, co-creation, and development cooperation, as well as the launch and commercialisation of projects related to electric mobility.





## • Galp Solar

Through Galp Solar, one of the fastest growing companies in decentralized energy in Iberia, Galp provides decentralised solar power production and storage solutions to B2B and B2C customers, within the residential, commercial and industrial sectors using technology to provide fit for purpose solutions and optimal results. In 2022, and with just 2 years of operation, the company had completed 10,715 installations in Portugal and Spain (>3x growth YoY) in a total of 32 MW of solar panels, almost tripling installed capacity and quadrupling revenues during 2022 in relation to the previous year. It also installed more than 1,500 batteries in its installations, which helped customers achieve to achieve on average >60% of self-sufficiency by combining power generation and storage and delivering extra yearly savings. The total electricity production from the c. 32 MW of equipments installed since 2020 is estimated at c. 3.4 GWh and is thought to have avoided 0.5 ktCO<sub>2</sub>e in comparison to the same amount of electricity purchased from the grid. Galp Solar is also working with the Innovation team on shared self-generation and consumption and plans to deliver 10 'Solar Buildings' in Spain and to start 5 Solar Communities in Portugal during 2023.

### Galp transforms 100 service stations into solar power producers

Galp is installing solar PV panels for self-consumption in 100 of its service stations in the Iberian Peninsula. With this project the Company seeks to set the example in reducing its imported energy consumption, by producing its own emissions free renewable power while simultaneously saving costs. The project encompasses 2.5MWp installed across 100 service stations and is estimated to save the company more than €750 k during the solar panel's life.

## Renewables and new businesses

Renewable electricity continued to be Galp's main focus on low-carbon technologies in 2022. The company increased and diversified its portfolio of renewable electricity projects both geographically and in terms of energy source, to 9 GWp distributed between Iberia and Brazil, encompassing both solar and wind power. From this portfolio, 1.4 GWp are already in operation and generated c. 1930 GWh during 2022 which translated into c. 309 ktCO<sub>2</sub>e of avoided emissions in comparison to the amount emitted by the production of an equivalent amount of electricity in the location where it was generated.

## • Aurora

Aurora, Galp's joint venture with Northvolt, kept advancing towards its objective of building Europe's largest and most sustainable lithium conversion plant, that will be key in developing opportunities related to the battery value chain. It also completed the pre-Feasibility Study for this project and assigned the definite Feasibility Study to Fluor. The JV also continued to build its corporate structure and nominated its CEO, CFO and other relevant positions, a key step for the timely materialization of the project.

Although the production of lithium hydroxide will be responsible for a small increase in Galp's operational emissions, this material can be used to manufacture 50 GWh of battery production per year (sufficient for approximately 700,000 electric vehicles) and significantly contribute to the reduction of emissions of the transport sector. To ensure that the impact from this activity is mitigated, the JV is strongly focused on guaranteeing the sustainability of its activity, and in 2022 focused on defining the scope for the Environmental Impact Assessment study, performing complete Life Cycle analysis (LCA) on the plant's outputs, the definition of a roadmap to minimise CO<sub>2</sub> emissions and the creation of a network of offtakers for by-products.

## Corporate centre

Galp is also committed to reduce the impact and emissions from its daily activities in its offices and corporate centre. As such, a series of initiatives regarding electrification and waste reduction have been implemented in 2022, namely the electrification of the company's light duty vehicle fleet and moving forward in our single-use plastic free headquarters.



## Light duty vehicle fleet electrification

As a company focused on providing mobility solutions and the operator of a large fleet of light vehicles (>1,200), Galp is committed to deliver electric mobility solutions and decarbonise its own fleet. With these goals in mind, the company defined in 2022 a roadmap for the electrification of its light duty vehicle fleet, with all new vehicles being plug in hybrid or electric from 2022 onwards and fully electric from 2025, with full electrification of the fleet estimated for 2028, avoiding c. 5 kton CO<sub>2</sub>e/year. This decision was preceded by a survey to evaluate the project's needs, any possible barriers and the deployment or access to charging solution both in office spaces and in private residences.

## Reshaping our portfolio with focus on low carbon

More information on initiatives related with low carbon and energy transition projects and products in different business segments can be found on their corresponding chapter in this report (see Part I – 3. Business Pillars).

## Leverage on innovation for the energy transition

Galp believes innovation is key to enabling the transition to a more sustainable and equitable energy system. The goal of the Innovation Team is to build a portfolio of opportunities to boost the energy transition and accelerate the path to decarbonisation. In alignment with the Company's strategy, by testing new solutions and increasing engagement with the innovation ecosystem, Galp will be able to discover, test and validate solutions that may create new profit streams in areas like decarbonisation of industrial activities, renewable electricity, electric mobility, social innovation and low carbon fuels.

Galp has invested c. €80 m in ongoing projects, of which €29.7m in 2022.

Activity highlights in 2022 for the different innovation centres include:

- Production and Operations Innovation centre: in 2022 we analysed several technological routes for sustainable fuel production to develop Galp's roadmap for low carbon aviation and marine fuels that can meet regulations and the sustainability targets of the company. There was also a continued focus on predictive maintenance and security while finding new solutions for an efficient energy matrix including studying biomethane production and understanding the needs from other industries on their decarbonisation path. We have been working closely with different collaborative laboratories including Net4CO<sub>2</sub>, Biorefin and Hylab studying decarbonisation solutions in the CO<sub>2</sub>, biofuels and hydrogen space. Finally, the Company has once again fully complied with ANP in Brazil with developing strategically driven innovation projects.
- Commercial Innovation centre: Galp partnered with the startups Swobbee and Boost Logistics to launch the first micro-mobility battery-swapping service in Iberia, aiming to make fleet management operations more efficient and sustainable through a decentralized charging network. Five swapping stations were installed in Lisbon and Madrid, with 10 k batteries swapped in the first four months (more than 7.6 MWh of charged energy). The centre also launched Optimize, a project that aims to protect Galp's B2B clients from the volatility of energy markets, offering them innovative solutions to become more efficient and less dependent on the gas & power grids. The project targets high energy consuming customers in industry, buildings, pools and sports facilities.
- Renewables and Energy Management innovation centre: we developed a series of projects focused on digitalization, renewable energy storage and synergies between agriculture and solar power production in an Agrivoltaics partnership with Instituto Superior de Agronomia in Lisbon.
- Open Innovation centre: we continued engaging with startups through the Startup The Future program, to collaboratively accelerate the energy transition. It received more than 200 applications from four continents and 54 countries, and a €50 k prize was awarded to the winner, Koolboks. There were also other Open Innovation initiatives focused in engagement with academia (e.g. Instituto Superior Técnico Golden Partner, Portuguese Católica University & Yunus Social Innovation Centre, MIT Industrial Liaison Program), with positioning Galp within the Innovation ecosystem (MOU with Portugal Ventures, a venture capital firm that invests in startups; sponsoring the European Innovation Academy and becoming a main partner in the Lisbon Unicorn Factory) and active participation in startup engagement programs (e.g. Amazon Web Services Clean Energy Accelerator; European Greenhouse Gas Program).



2. Preserve our planet



Our 2030 ambitions	Protect biodiversity		Effective water stewardship			Operational excellence and transition towards circularity	
Our targets and KPIs	Do not operate in World Heritage UNESCO and IUCN protected areas Cat I-IV	Sites with Net positive Impact plans in place	Total freshwater withdrawal	Freshwater withdrawal in areas with water stress	Water recycled in operations	Energy consumption	Waste recovered in operations
2022	0 sites in World Heritage UNESCO areas 2 sites in IUCN Category IV areas	1	9,219 10 <sup>3</sup> m <sup>3</sup> -15% compared to 2017	8,078 10 <sup>3</sup> m <sup>3</sup>	14%	30,480 TJ -39% compared to 2017	62%
Material topic	Biodiversity and ecosystems		Water management			Operational eco-efficiency and Circular Economy	

Our alignment with the SDGs





At Galp, it is crucial to ensure the sustainable development of our projects by protecting the environment and, whenever practical, creating a positive impact. This sustainability foundation has the ambition to protect and restore biodiversity, take an effective water stewardship approach, be a reference in operational eco-efficiency and promote circularity throughout our value chain.

## Protect biodiversity

Galp aims to protect biodiversity in all geographies where it operates, contributing to the Sustainable Development Goals (SDGs) and ensuring the preservation of natural areas and species throughout the lifecycle of projects. Our focus is to continue to protect biodiversity in our current operations and create a positive impact in new projects located in sensitive areas. The Renewables business is already taking action in new sites, particularly in PV solar assets, ensuring a renewable power plant fully integrated as part as the ecosystem, through a pilot project.

## Commit to include biodiversity related criteria in the decision-making

We are committed not to operate/explore/mine/drill inside the boundary of UNESCO's World Heritage areas and IUCN (International Union for Conservation of Nature) Category I-IV protected areas. These commitments are supported by 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 developing a better integration of biodiversity into environmental impact assessments and the identification and implementation of

appropriate solutions for managing activities in potentially high importance biodiversity areas.

## Biodiversity risks assessment

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 evaluate the position of operated sites in high importance biodiversity areas<sup>1</sup>. The number of threatened species in areas surrounding our operations is also monitored according to the IUCN Red List.

The biodiversity risk assessment is performed annually, and this year we included our Commercial B2C business in its scope, increasing to 448 assessed operated sites and covering 100% of our operated sites.

Considering all our operated sites, none of our operated sites are in or adjacent to UNESCO's World Heritage Areas. Regarding the position of our operated activities in other high importance biodiversity areas, 142 (32%) are located in or adjacent to (within 1km radius) these sensitive regions. Most of the sites located in or adjacent to high importance biodiversity areas are service stations in Spain. We also concluded that none of our exploration & production, biofuel, cogeneration and refining operations are in or adjacent to these regions.

More detailed information can be consulted in Galp's Biodiversity Risk Assessment 2022 (link [here](#)).

<sup>1</sup> Any area of biodiversity protection or of priority conservation identified in this report, according to the data provided by the IBAT tool (IUCN areas, Key Areas of Biodiversity, National, Ramsar, Natura 2000 network, Regional Seas, MAB, Emerald Network and UNESCO World Heritage).

## Embed our sites in the ecosystem

We are continuously working in assessing and monitoring the environmental impacts of our projects in areas where we operate, globally or nationally relevant for biodiversity, following the mitigation hierarchy (avoid, minimise, restore and offset).

For existing operated sites with potential impact on IUCN Category I-IV protected areas, we are working in defining a Biodiversity Action Plan, to identify and implement the actions necessary to minimize the risk of any adverse effects. Sines Refinery is currently reviewing and updating its Biodiversity Action Plan, in order to address the suitable actions to conserve the ecosystem.

We are also focused developing a strategy to create a positive impact on biodiversity, applied to new projects located in sensitive areas. For that purpose, a taskforce has been created to set this approach to integrate biodiversity and social acceptance in the entire lifecycle of our new projects.





## Smart Renewable Power Plant

In the renewables business, an innovative methodology, called “Smart Renewable Power Plant”, was developed to create a positive impact in our solar PV sites, ensuring a renewable power plant fully integrated as part as the ecosystem. This approach considers the region context (including community engagement) and the project specifications, sets targets and actions that are implemented, monitored and reported to measure the net gain. A pilot project to implement this methodology has already started in a PV Plant situated in Alcoutim, south region of Portugal, and we are also developing an action plan to our PV sites in Aragón (Spain) to restore the natural ecosystem. Adding to this, in future projects, we plan to perform socioenvironmental diagnosis and identify relevant stakeholders where we will operate, to get a complete characterisation and meet the community and environment expectations and needs, regionally. These inputs will contribute for a more complete and realistic action plan, aligned with our sustainability targets. All these initiatives will allow the company to integrate its sites in the ecosystem and create a positive impact, by promoting biodiversity and the involving the local community.

In non-operated sites, we share with our partners our best practices and respect the commitments established in the joint ventures. The partners who manage the upstream blocks not operated by Galp develop a set of initiatives to promote and preserve biodiversity. Over the last years, Coral Sul FLNG project contributed to biodiversity protection in Vamizi island, Cabo Delgado, Mozambique. Main activities include coral cultivation, capacity building for 30 fishermen and a community fishing council, capacity building for two women handicraft associations, supply of laboratory equipment to UniLurio, the local university, and awareness campaigns on biodiversity conservation in the Vamizi Community School.

## Preserve and conserve the forest

Galp aims to ensure zero net deforestation in its new projects. The main focus is to avoid all deforestation of indigenous species and compensate with future reforestation, wherever it is impossible to avoid deforestation. In 2022, Galp planned and achieved the target to implement 6 new projects and avoiding deforestation in all of them. For 2023, Galp plans to implement 10 new projects, with 7 of them avoiding deforestation and 3 requiring deforestation compensation measures.

**Note:** The information was updated due to the internal review of the “forest” and “deforestation” definitions, aligned with Food and Agriculture Organization of the United Nations (FAO).

## Collaborate through initiatives and partnerships

We participate in O&G sector initiatives and working groups that contribute to the development of knowledge about good practices in the management of biodiversity and ecosystem services. We also work in partnership with our stakeholders to implement projects and establish good practices for managing the impacts on biodiversity restoration.

In 2022, Galp proactively joined Taskforce on Nature-related Financial Disclosures (TNFD) Forum, a multi-disciplinary consultative group who share the mission and principles of the TNFD and are available to contribute to the work of the Taskforce. TNFD mission is to provide a risk management and disclosure framework for companies to report and act on nature-related risks. This framework will allow organisations, such as Galp, to understand how nature impacts the financial performance, and incorporate these risks and opportunities into their strategic decisions. Also Galp, already a member of BCSD, recently joined its Biodiversity working group, contributing to deliver solutions to protect and preserve biodiversity.



**CRASSA**

Sines Refinery is working with Quercus to support the project CRASSA (Centro de Recuperação de Animais Selvagens de Santo André), located in the Southwest of Alentejo. The scope of the project was the recovery of injured animals followed by returning them to their natural habitat. In 2022, from 342 animals received, 326 were released back to the nature. CRASSA also promotes initiatives in investigation and environmental education, raising awareness to the community. In 2022, 80 volunteers and trainees joined the institution, giving them the opportunity to develop technical and soft skills in different subjects, such as biology, veterinary, animal behaviour, teamwork, autonomy, among others. Also, several environmental education sessions were performed, involving volunteers and trainees, authorities and the local community.



**"Vinum Solis"**

Galp, in partnership with Instituto Superior de Agronomia da Universidade de Lisboa (ISA), is conducting a pilot study on photovoltaic panels at Tapada da Ajuda vineyards in Lisbon, as part of a new sustainable approach to viticulture. The idea is that partially or totally covering a vineyard with solar panels should help reduce the levels of radiation to which the plants are exposed. Finally, the panels will also be used to produce energy to supply part of the electricity demand at ISA.

**"One Child, One Tree"**

In 2022, Galp concluded its partnership in the "One Child, One Tree" project in Mozambique, collaborating with Filhas de Maria Auxiliadora and the Amigos de Inharrime associations, with the aim of promoting environmental sustainability in Moatize, through community awareness and street tree planting project that seeks to fight the harsh weather conditions and promote the reforestation of the Moatize district.

**Effective water stewardship**

Water is an essential resource for life and a key element for sustainable development – critical for socio-economic development, energy and food production, healthy ecosystems and for human survival itself.

The risks associated with water quality and availability are numerous and correlate with population growth, industrialization trends and climate patterns. The security of water resources is essential to ensure stability and growth but is vulnerable to the impacts of climate change, as can be witnessed by the ongoing drought in the Portuguese territory.

The protection of water resources is a material topic getting higher relevance within the scope of our current and future activities. Galp is committed to the adoption of measures that lead to a more efficient and sustainable water use in operations, safeguarding its quality and availability in the ecosystems. We are also focused in developing a strategy to mitigate the impacts associated with the use of water, particularly in water stress areas where our operations are located.

**Understand and conserve water resources**

Galp is currently using the WRI Aqueduct Water Tool (developed by World Resources Institute) to assess water risks in its operated sites. In 2022, we updated our assessment scope, including the Commercial B2C business, and covering 100% of our operated sites from Galp's operated facilities, 31% are located in areas with high overall water risk and 3% in areas with extremely high overall water risk, according with WRI Aqueduct Water Tool.





In addition to the appropriate management of Galp's potential impact in this domain, Galp regularly communicates the mapping of its operations, according to the risk associated with the water use ([link here](#)). In 2022, Galp's operated sites withdrew around 9.2 million cubic meters of fresh water, 76% of which was withdrawn by Sines Refinery which is considered located in a water stressed area.

In refining, Galp has adopted an action plan focused on specific projects and operational excellence initiatives, to reduce water withdrawal, reduce associated discharges and improve wastewater treatment and water recycling. Some examples are the installation of a membrane bioreactor (MBR) to increase the amount of industrial wastewater recycled and the significant investment in maintenance of the firefighting system, improving water efficiency. Other initiatives are implemented, such as the reuse of water in the fire and garden water systems and the reuse of process water, totalizing 10% of total water recycled. In 2022, 14% of Galp's total water was recovered/ recycled.

In Commercial business, particularly in service stations owned and operated by Galp in Iberia, around 22% use water in carwash stations through water recycling systems. Adding to this, from this year, all new or revamp service stations with carwash stations will use water recycling systems.

Galp maintains its monitoring control programme for soils and groundwater that started in 2010 at several sites of the company Group. To this end, water samples have been collected from site piezometers to assess the groundwater's quality.

Galp is working on its water efficiency strategy, to improve a responsible management of this resource. We have planned in our Sustainability Roadmap initiatives to incorporate a water stewardship methodology, involving our sites and stakeholders through a collaborative approach.

**Operational excellence and transition towards circularity**

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. We also aim to disseminate and increase the circularity in our value chain, from construction, to operating and decommissioning. We will focus on using our resources and materials efficiently, increasing the reuse and recycle approach and identifying new opportunities in new projects.

**Optimise resources, effluents, emissions and waste**

Galp implements efficiency measures for the use and management of resources in all phases of the life cycle of facilities products and services, from the conception and design, operation and useful life, to the end of life and decommissioning.



	2019	2020	2021	2022 <sup>3</sup>	of which, Refining <sup>1</sup>
Direct energy consumption by primary sources (TJ)	40,906	38,863	34,249	30,480	94%
Purchase of electricity (TJ)	1,597	1,558	1,389	1,271	90%
Total water withdrawal (10 <sup>3</sup> m <sup>3</sup> )	10,774	9,881	9,435	9,343	75%
Total freshwater withdrawal (10 <sup>3</sup> m <sup>3</sup> )	10,380	9,743	9,321	9,219	76%
Total freshwater withdrawal in areas with water stress (10 <sup>3</sup> m <sup>3</sup> )	-	-	6,764	8,078	86%
Total water recycled (%)	13	15	14	14	50%
Wastewater (10 <sup>3</sup> m <sup>3</sup> )	5,989	5,913	5,822	6,125	71%
Waste produced (ton)	39,674	27,894	20,355	22,167	31%
Waste recovered/recycled rate (%)	57%	56%	60%	62%	-
Number of primary containment losses that impacted the environment <sup>2</sup>	3	7	11	7	14%
Volume of primary containment losses that impacted the environment (m <sup>3</sup> ) <sup>2</sup>	61	302	44	64	3%
GHG Emissions under the European Union Emissions Trading System (tonCO <sub>2</sub> e)	3,258,709	3,067,805	2,674,058	2,664,396	100%
NOx emissions (ton)	1,458	1,384	1,349	1,539	91%
SO <sub>2</sub> Emissions (ton)	3,069	1,113	922	1,454	99%
Particulate emissions (ton)	243	182	183	70	91%
Methane emissions (ton)	n.d.	682	491	1,318	4%
Production Carbon Intensity (gCO <sub>2</sub> e/MJ)	87.3	82.5	81.6	80.2	-
Downstream sales Carbon Intensity (gCO <sub>2</sub> e/MJ)	74.8	74.9	73.7	73.4	-
Carbon Footprint – Direct Emissions (tonCO <sub>2</sub> e) (scope 1)	3,745,540	3,591,892	3,198,740	3,442,507	77%
Carbon Footprint – Indirect Emissions (tonCO <sub>2</sub> e) (scope 2 – market based)	112,504	42,026	9,149	9,138	0%
Flaring gas – Upstream (Mm <sup>3</sup> )	50.0	40.2	34.5	116.6	0%

<sup>1</sup> The refining activity (Sines Refinery) is the segment with the greatest materiality in the environmental performance of the Company.

<sup>2</sup> Includes containment losses >0,150 m<sup>3</sup>, excluding gaseous products.

<sup>3</sup> Please note that the renewables business is not included in the scope in most indicators except the water withdrawal.

Galp's performance in the key ecoefficiency indicators was influenced by the return to normal operating levels, post-pandemic, with the Sines refinery processing c. 12% more feedstock. This year we highlight the positive performance in the energy consumption (-11% vs 2021), freshwater withdrawal (-2% vs 2021) and particulate emissions (-62% vs 2021). There was an increase in the freshwater withdrawal in areas with water stress, justified by the broadening of scope of analysis, and in the NO<sub>x</sub> and SO<sub>2</sub> emissions (+14% and +58% respectively) highly influenced by the processed cargo in the Sines refinery.

## 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. 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. Adding to this, Galp continues to operate Enerfuel, an industrial facility in Sines, producing Fatty Acid Methyl Ester (FAME) biodiesel. This product is made 100% from the processing of animal fats and used cooking oils.

During 2023, we plan to define and endorse a circular economy approach across the company and start working on an action plan focused on key priority areas.

In the renewables business, we are looking for opportunities to give a second life to our equipment. Currently, we are extending the lifetime of our equipment by donating solar panels to scouts institutions in Spain.



3. Boost a just transition for all



Our 2030 ambitions	People-centric energy transition		Promote Diversity, Equity & Inclusion (DE&I) everyday			Respect, protect and fulfil Human Rights	
Our targets and KPIs	Create, promote and support Green Jobs	Local hiring	Accelerated convergence to gender parity until 2030			Assess Galp's most representative geographies in terms of Human Rights	
2022	>50% of Matosinhos refinery workforce reskilled/reassigned to other businesses and roles	97%	35% Women in all management positions	28% Women in BoD	19% mean gender pay gap	73% assessed in the last 3 years	
Material topic	Development of Human Capital		Local Community development	Work practices and conditions	Talent attraction & retention	Human Rights	
Our alignment with the SDGs							
	1 NO POVERTY		3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES
	2 ZERO HUNGER		4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
							17 PARTNERSHIPS FOR THE GOALS



Our energy transition journey cannot be successful without a just transition strategy that embodies the responsibility to prioritize the protection of human rights and the fundamental principles and rights at work, reducing inequalities and promoting the reskilling towards preparing the people for the challenges of the energy transition. We want to be a change agent, boosting a just transition for all, that allows our employees, clients, suppliers and communities to better succeed in this upcoming future of change.

## People-centric energy transition

An inclusive and people-centric energy transition is crucial to ensure that a world moving at a fast pace, collectively and consistently towards a net-zero emissions economy by 2050, does not leave anyone behind, supporting those most impacted and who have the least capacity to respond, while generating net new, well-paid jobs, guaranteeing access to clean, affordable energy and reducing inequality. This is also a critical point for the achievement of the United Nation's Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement.

## Encourage social dialogue and stakeholder engagement

Reshaping our portfolio requires close engagement with key stakeholders, anchored on a common commitment to the energy transition. Under this ambition, Galp seeks to build proximity and refresh its relations with governments, companies, academia, customers and communities at large, to support the development of policies and implementation of initiatives towards a net zero world.

## Our materiality assessment

We believe our stakeholders are an important voice, whose inputs offer an improvement opportunity to create shared value for the company and society. Our engagement with stakeholders holds in various forms from taking part of several conferences, roadshows, events, initiatives as well as conducting regular materiality assessments to identify the key sustainability material topics for our business. Identifying these topics allows a better integration of ESG topics in our business strategy, prioritizing initiatives and aligning our Sustainability roadmap with investor's interests and Galp's business strategy. Following international best practices, this materiality analysis process includes four major steps, that prioritises topics from a double perspective: the impact of the Company's business activities on the economy, the environment, and society, and the impact of sustainability topics on Galp's business development, performance, and position. Both perspectives contribute to identifying the current and emerging aspects that must be addressed. The four key steps are:

- Identification of topics, which consists of analysing insights and information from external and internal sources
- Determination of relevance, for which we carry a stakeholder's consultation to know our stakeholders' key expectations regarding Galp's performance and their views about the relevance of each topic
- Determination of impact, through an internal assessment that is carried out with top management to ensure the alignment of material topics with our values, policies and commitments

- Validation of material topics that are prioritised considering their relevance and impact (from an internal and external perspective).

As an output of our last materiality assessment, the key material aspects identified are Safety, Sustainable Energy Portfolio, Human Rights, Development of Human Capital, Talent Attraction & Retention and Business Ethics. For each of them, we set goals and targets, developing initiatives and reporting our progress annually in the public domain.

## Our presence in key engagements

Galp promotes a meaningful social dialogue and continuous engagement with key stakeholders, recognising that we all have a pivotal role to play in a just energy transition. In 2022, we participated in several conferences, events and initiatives that were crucial to both gain deeper insights, build network and promote transparency on our energy transition narrative and ESG performance.

### Galp Electric Summit

In June 2022, the second edition of the Portuguese energy conference, in partnership with Portuguese media, namely Jornal de Negócios, Sábado and CMTV, took place with "The Future of Energy" as main topic, focusing on the energy transition and sustainable mobility and reaching, in streaming, more than 173 k people.

### World Bike Tour

For the second year in a row, we were a part of the World Bike Tour that took place in Lisbon, promoting low carbon energy and





more sustainable forms of mobility. This event counted with more than 21 k participants, including 100 employees, in which Galp was able to make a difference, creating positive impact, providing Galp Ryde electric bicycles and reinforcing the commitment of investing heavily in the areas of sustainable mobility.

• **Web Summit**

Galp was once again present at the Web Summit, in Lisbon, Europe's largest technology conference, to deepen the debate on decarbonisation and energy transition. Under the motto "The Energies of the Future", we showcased some of the innovative projects that we are implementing to contribute to a more sustainable world and shared, Galp's internal culture and work environment. We had a Galp Booth where attendees had the possibility to join Galp's journey through the energies of the future, foreseeing how they will shape urban areas and the interactions of people with public spaces as well as taking part of some talks and initiatives like the Startup the Future, the Yunus Social Innovation Center network, among others.

• **COP 27**

Galp was present in COP 27, in Sharm El Sheikh, Egypt. This event counted with the participation of some members of our Strategy & Sustainability and External Relations & Regulation teams that were able to participate in conferences on topics related to the current energy crisis, loss and damage finance, fossil fuels, carbon trading, just transition, among others.

• **Galp Town Hall**

We promoted the "Galp Town Hall", an event available to all employees, with participants from 14 different countries, 227 in person and 1149 by streaming. This event was attended by all executive members, some leadership team members to discuss topics such as business overview, future challenges, safety, people, among others.

In addition to public and internal events, our executive members were present in various debates throughout the year to discuss topics related to the energy transition, just transition, the future of energy among others – "Transformation for the Future" a conference organised by Dinheiro Vivo in which our COO Teresa Abecasis was part of, "CNN Portugal Summit" that counted with the participation of our CEO and Chief Sustainability Officer (CSO), the "Bloomberg Capital Markets Forum" in which our CFO participated, among others.

Galp also engages, throughout the year, with several investors, via dedicated meetings, and with associations like WBCSD, BSCD Portugal, UN Global Compact, World Economic Forum, Energy Impact Partners, The Climate Board, among others, where we have the chance to share knowledge, discuss and influence on topics related to energy transition, climate change and sustainability.

**Climate policy engagement**

Our advocacy efforts aim to find common ground and reinforce the pivotal role that governments, industry, and society play in designing and implementing a holistic approach to the decarbonisation and sustainability of the energy system. With a strong presence at a global level, Galp develops operations in 10 countries over four

continents, with a relevant presence in Brazil, Angola and Mozambique. Consequentially, Galp is also very conscious of the local geopolitical framework and engages with the relevant stakeholders locally, always seeking to be a constructive partner in creating value and contributing to the national and local economic development.

The collaboration with relevant stakeholders such as central and local governments, European Union institutions, business and consumers associations, industry peers, partners, energy users and investors, generates learning opportunities, creates shared value, fosters partnerships and trust, and ultimately paves the way for a more inclusive and informed decision-making process.

**Political contributions**

Galp does not make contributions to political entities, either directly or indirectly, nor does it make donations for any purpose other than those strictly permitted by the applicable legislation. We are fully committed to operating in accordance with our Ethics & Compliance principles and strictly abide by all relevant European and national laws.

As part of our engagement with several trade associations, Galp publishes, annually, a report on the alignment of the main associations in which we are present with the Paris Agreement, the European Climate Law and Galp's purpose, vision, mission and values. This report aims to show their views on climate change and how Galp relates to that, communicating transparently where we differ. As for future association membership, Galp will continue to focus its choice



on a set of criteria leveraging its participation to support the development of strategies aligned with the international community's goals, mainly those regarding the energy transition and carbon neutrality. The 2022 updated report can be consulted in our website (link [here](#)).

## Skill all employees for the challenges of the energy transition

In 2022, Galp promoted several activities on topics related to the energy transition, impacting employees and communities, namely:

- **Business Roundtable Portugal**

Galp has been involved in this working group, accompanying Portuguese multi-company Labs to develop a program to requalify people in precarious work situations, preparing them for recent and future-driven skills that the labour market is currently looking for. Galp is currently contributing for the Sales, Green Jobs, Digital and Business Intelligence Labs. The final goal of this project is, among all the laboratories created, to reskill 20 k unemployed Portuguese people by 2025.

- **Energy Transition engagement sessions**

Throughout the year we promoted several workshops for employees and executive and board members on various topics such as hydrogen, renewables, strategy, among others. A specific energy transition session was given to the Board of Directors in mid-2022, involving the Strategy & Sustainability team as well as some specialized external partners, which covered topics on the global energy perspective and response to the energy transition

and how Galp's is accelerating it, our climate strategy, Galp's ESG performance and just transition journey. This shows the company's commitment to skill all employees, including board members and c-level, on topics related with the energy transition and sustainability, ensuring we are ready and properly prepared to address its upcoming challenges. More than 75 trainees were present in a 2h30 session where topics such as Galp's energy beliefs, strategy and sustainability ambitions were covered. The participants had the possibility to join an open debate with the Strategy & Sustainability team, enabling a direct and transparent deep-dive on Galp's energy transition journey.

- **Data Literacy Programme**

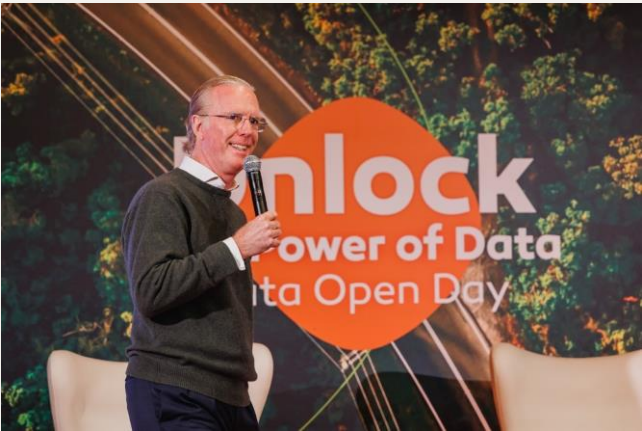
In the end of 2021, Galp launched the Data Literacy Programme, a tailor-made programme, with the support of two renowned partners, Porto Business School and IDC. In this programme our mission is to build a data-driven Galp together, relying on the power of data to make better decisions, accelerate our transformation and enhance our clients' experience. The programme includes 4 learning paths available to all Galp population: Data Fundamentals, Data Operations, Data Excellence and Data Strategy. In 2022, we held 9 editions of the learning paths integrated in this programme reaching more than 370 participations from all the business units across the organisation. In 2023, the programme continues to promise Galp's development towards an increasingly data-driven company, with 4 Data Operations and 2 Data Excellence editions, along with the always available Data Fundamentals path.

## Industrial transformation – Matosinhos' case

In 2020, faced with the accelerated transformation of the global energy system combined with the Covid-19 implications, Galp announced the decision to concentrate its refining infrastructure in Sines, discontinuing the Matosinhos refinery. Seeking to minimize job losses, Galp created an internal mobility and reskilling program to increase employability, both internally and externally. To this date, over 200 employees were reskilled/ reassigned to other businesses and roles, representing more than 50% of the total 2021 Matosinhos' refinery workforce. Still, Matosinhos remains a humbling and critical learning moment in the history of Galp.



### Data Open Day



In November we launched the Data Open Day, a 2 days event, in our headquarters in Lisbon, with several talks and roundtables that counted with internal and external guests. The event covered topics such as the value of Data, OKR's and Data Strategy, Data through people, Data quality, Data science, among others.

### Empower communities through social investment

#### Social licence to operate

Considering each context and geography where Galp operates, the Company develops investment and engagement plans to mitigate and

manage the social impacts of the transition on society, making sure its activities are conducted according to the highest possible standards, including creating inclusive transition opportunities for marginalised communities and enhance the achievement of the Sustainable Development Goals.

Galp takes great care in obtaining a social licence to operate and for us is decisive to understand the expectations of the local community and other stakeholders. The risks and opportunities involved in obtaining the social license to operate and social acceptance are assessed through a meaningful social dialogue and continuous engagement with key stakeholders.

- **São Tomé and Príncipe**

We continue to promote a social project in Vila da Madalena, with the engagement of different stakeholders, such as the government, local municipalities and schools, aiming to complete the refurbishment of a primary school and a construction a sports facility to support school activities. The construction is expected to be completed by the end of 2023 and more than 600 students will be directly impacted, benefiting from a better quality of their education.

#### Social impact on communities

The efficient use of energy, energy literacy and empowerment of communities is a major challenge in the context of the just energy transition.

Galp's vision is to help shape carbon-free sustainable communities. It is our aim to promote this shared journey, empowering, supporting

and working side-by-side with society, advocating the development through the access to sustainable energy while protecting biodiversity, providing quality education, stimulating conscious energy consumption and by fostering social innovation and entrepreneurship, as aligned with our 5 strategic pillars of social impact.

### Solar Power Alcoutim – Promoting inclusion through energy and sustainable mobility

The community investment plan for this project was co-designed with local stakeholders, with the aim of implementing a local electric mobility system and a social program, that promotes active aging and supports the elderly population, one of the most vulnerable groups in this rural and interior area of Portugal.

The project was designed from a holistic perspective with active community involvement, contributing to raise awareness around the energy transition, in an inclusive way that induces change in behaviours, generates employment, and the contributes to the implementation of regional plans to respond to climate related challenges.





### Sustainable energy and mobility solutions

Access to sustainable energy and mobility solutions: shared value in the path of carbon neutrality



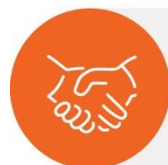
### Education/sensibilization

Education/Sensibilization of citizens to energy transition: empowering and supporting communities during the transition



### Ecosystem integration

Ecosystem Integration: naturalization and promotion of a net positive impact on ecosystems and biodiversity



### Support to local projects

Support to local projects: linked with sustainable development priorities of the local communities



### Social emergencies

Assistance to social emergencies caused by economic, political, environmental or other issues, either persistent or occasional

## Sustainable energy and mobility solutions

Impact in 2022: 10 initiatives were developed to promote a fair and just energy transition.

- Galp Upcoming Energies is the innovation partner of Girl MOVE Academy's Changemaker LAB, for which Girl MOVERS had the

common goal to develop energy access projects in Mozambique. This project aims to support the school community (1,204 students and 13 teachers) and 478 households in the local community.

- The 3<sup>rd</sup> edition of the Energy Up award, in partnership with Galp Solar, sponsored a school with solar panels for decentralized production, that allowed to save 9% of their annual energy expenditure, avoiding the emission of 8 ton of CO<sub>2</sub> and impacting 850 students.
- At Instituto da Imaculada para Pessoas com Necessidades Especiais, a social organization working with people with disabilities, the installation of solar panels for decentralized production and heating water system, transformed the energy system to being approx. 69% energy self-sufficient.

## Education/sensibilization

Impact in 2022: 222,393 beneficiaries

Goal 2025: 2,300,000 direct beneficiaries (since 2010)

- Future Up, Galp's energy educational project, with the main goal to increase knowledge about energy and transition challenges, has more than 12 years of existence, impacting more than 2 million students. In 2022, we impacted 5,129 students and teachers, in 117 schools in Portugal, teaching more than 126 energy classes.
- Apps for Good, a technological education program that challenges students to develop applications, showing them the potential of technology, is now available for all national schools in Portugal having reached, in 2022, more than 300 technological solutions developed by students.

- Educate for the Future, an initiative in partnership with Helpo, supports 9 communities in Nampula, northern Mozambique, and has already impacted 13,724 students, giving more than 675 scholarships. Until 2025, 20,200 students will be impacted.
- The Galp Foundation, in partnership with EPIS (Entrepreneurs for Social Inclusion), launched 40 social grants for undergraduate and master's degree students of Portuguese communities where Galp operates, rewarding the academic merit of those who have finished secondary school or undergraduate studies.

## Ecosystem integration

Impact in 2022: 5 initiatives were developed to promote ecosystem integration, of which we highlight:

- Triggers Acceleration program – Rebalance our Planet, promoted by the Santa Casa da Misericórdia de Lisboa (Casa do Impacto), in partnership with Galp Upcoming Energies, gives voice to 25 start-ups focused on high-impact entrepreneurship and the environmental sustainability of the planet. In 2022, 10 teams were chosen to go on to the acceleration phase, being monitored and mentored by Galp employees.
- In Mozambique, Galp supports initiatives to protect and restore mangroves in the Cape Delgado area, aiming to contribute to climate change mitigation, promoting economic diversification initiatives such as beekeeping and aquaculture. Also, in the Mecufi district, the development of procedures for access to water and health and hygiene services already benefited 42 thousand households.



Support to local projects

Impact in 2022: 1,180,368 direct beneficiaries  
Goal 2025: 4,500,00 direct beneficiaries (since 2021)

- The 3rd edition of Every Step Counts, achieved the ambitious goal of raising 1 million meals for families supported by the Food Emergency Network. The three editions of Every Step Counts already counted with a total of 2.2 million meals delivered.
- Galp is supporting, through access to energy, the 21 Food Banks of the Portuguese Network, indirectly impacting a total of 1.2 m people, for the next 3 years.
- By partnering with Entreaajuda, a Portuguese NGO, between 2022 and 2023, Galp will support more than 80 thousand low-income families with LPG gas supply, impacting 240 thousand people.

Social emergencies

Impact in 2022: 593,208 beneficiaries

- In line with Galp’s goal to allocate €6.5 m for humanitarian support to Ukraine (through Red Cross, AMI, UNICEF), we developed several initiatives, such as supporting refugee centres, donating jet fuel for 10 humanitarian flights, donating heaters and integrating refugees through qualified employment and education programs – the Galp Integration Program and the Galp Scholarship Program, having more than 115 employees voluntarily joining this movement.

- We continued the effort to reduce the impact of Cabo Delgado’s armed conflict on the displaced population. In partnership with local authorities, NGOs and Camões Institute (Ministry of Foreign Affairs of Portugal), integration actions continue to be implemented to ensure access to education, employment, creation of infrastructures and provide psychosocial assistance, impacting more than 340 k people.

Volunteering activities

Galp’s volunteer program has over a decade of existence and is aligned with our social investment strategy. By giving employees up to 6 working days/year to participate in a community activity, we enhance internal culture alignment, promote skills development, and leverage our local community investment.

The corporate volunteer program is driven and supported by the CEO all the way throughout the organisation, whose full commitment in 2022 translated in all executive committee members participating in these activities, as well as more than 60% of the leadership team. In 2022, the total participation in our volunteer program (unique volunteers) reached 20% of Galp’s headcount, benefiting more than 25 social organisations.

**By 2025, the goal is to have 26% of employees engaged with community service.**

Measuring our social impact

To measure our impact, with full transparency, we monitor several indicators, evaluating the progress against the defined social objectives and using the methodology of the Business for Societal Impact (B4SI).

2022 Social Impact	
Motivation (€m)	
Donations	4.8
Community investment	29.7
Commercial initiatives in the community	0.7
Motivation (€m)	
Europe	15.5
Middle East and Africa	1.7
South America	18
Total (€m)	
35.2	
Motivation (%)	
SDG 4: Quality Education	49
SDG 7: Affordable and Clean Energy	1
SDG 10: Reduced Inequality	9
SDG 11: Sustainable Cities and Communities	4
SDG 13: Climate Action	22
SDG 16: Peace, Justice and Strong Institutions	11
SDG 17: Partnerships for the Goals	3
Number of beneficiaries	2,007,162
Number of beneficiary entities	4,476
Volunteering	
Number of volunteers	1,259
Volunteering hours (Galp employees)	8,591



**Create, promote and support green jobs**

A fast-paced energy transition means that Galp will commit to the creation of green jobs in its low carbon projects and ensure that these new jobs are accessible to workers that might be affected by changes in the legacy carbon intensive businesses, and are suitable and in line with fundamental core labour rights.

- We are currently working on the transformation of the Sines site that will create and support the access to green jobs. One of the main goals of the new projects to be developed is to create more new green jobs.

- The redevelopment of the former Matosinhos Refinery site will ensure that this area remains an important pole of economic and social development, and a job generator in the region.
- Galp’s investment in the lithium conversion plant will spearhead the development of a wider battery value chain, which will create more jobs.

**Promote Diversity, Equity & Inclusion (DE&I) everyday**

The Diversity, Equity and Inclusion matter is growing stronger and Galp is actively taking action to define a strategic plan on DE&I looking to create a long-lasting diverse and inclusive culture in all aspects – gender diversity, LGBT+, different capacities and backgrounds, race, age, cognitive diversity, among others.

As of December 31<sup>st</sup> 2022, Galp had 6,715 employees, present in 10 countries.





Employees

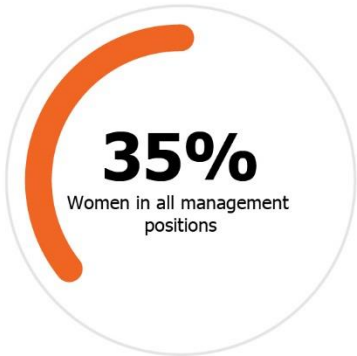
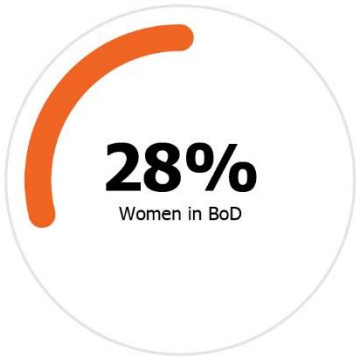
6,715

Nationalities

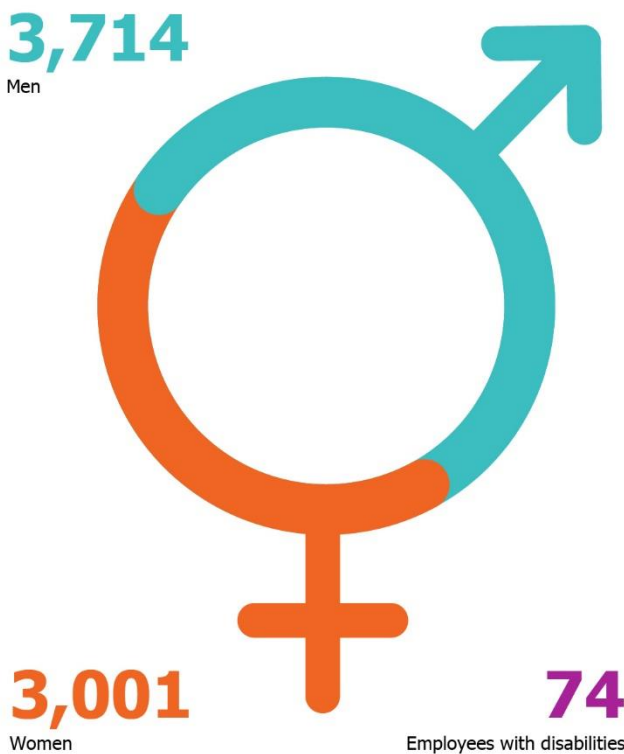
54

Countries

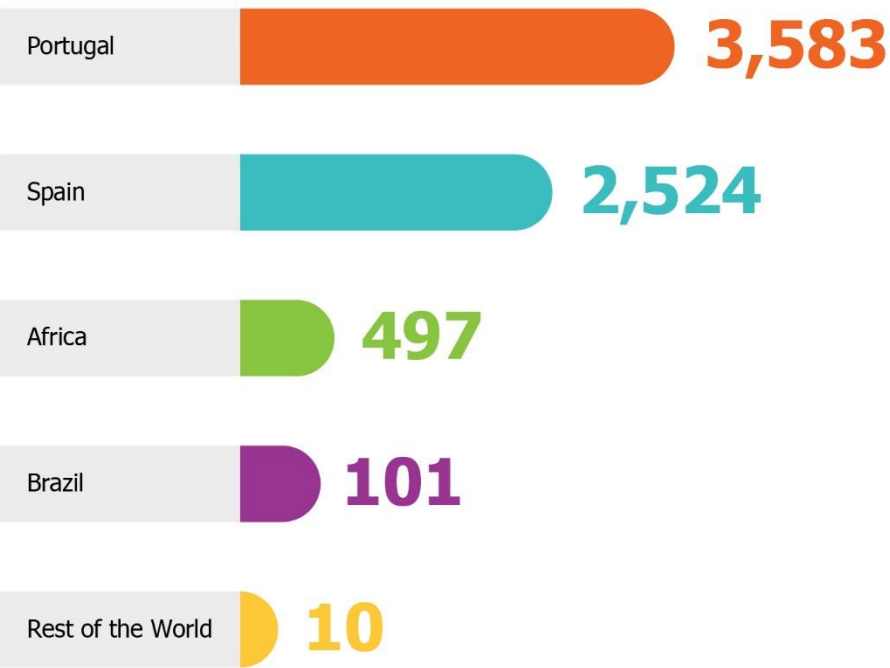
10



Distribution by age



Distribution by region





Elevate a DE&I culture and tackle inequalities

In 2022, Galp was once again included in the Bloomberg Gender Equality Index, being recognised for the excellence of its gender and equality practices, along with other 417 companies, with an overall GEI score of 83%. This recognition was renewed in 2023, showing an improvement of 3 p.p (to 86%) in the overall GEI score. This is aligned with the revision of our People Strategy, which will count with a dedicated DE&I team, in charge on implementing initiatives that can leverage this ambition.

We are committed to disseminate the DE&I among our employees. In 2021-2022, the Diversity Talks@Galp initiative was joined by more than 357 participants in 5 digital sessions with internal and external guests, covering topics such as: generation diversity, inclusion of people with disabilities and gender diversity. Transversal actions on these topics such as “What if that was you”, “Power of Feedback” and “Unconscious Bias”, were included in our annual training plan, which had more than 2,660 participants between 2021-2022.

Gender equality

In 2021, Galp has set the goal to work on an accelerated convergence to gender parity, by 2030.

Currently, at Galp, more than 44% of our employees are female, however the presence of female in leadership positions is below our ambition (35%). We are currently defining and implementing initiatives to leverage female leadership and empower women inside our organisation.

Professional category	Female		Male	
Executive / Top management	11	19%	47	81%
Middle / General management	74	39%	172	61%
First Line management / Supervisor	236	30%	374	70%
Specialists	678	40%	1,016	60%
Others	2,002	49%	2,105	51%
Total	3,001	45%	3,714	55%

In 2022, Galp continued to participate in the “Target Gender Equality” working group from the UN Global Compact, also renewing its partnership with PWN (Professional Women Network) and the Business Equality Forum – IGEN, a national body that promotes equality and non-discrimination between men and women at work, in employment and professional training.

Female Leadership



Earlier this year, our COO Teresa Abecasis, promoted an event in the Sines Refinery to address barriers and bias regarding gender. This event constituted a Manifesto with the goal to create a space for networking, sharing and conviviality among the women of Galp, to work on building team relationships outside the function and work area and on empowerment from a learning-by-modelling perspective, to analyse the bias that limits the promotion and development of women within the company and to increase the curiosity about experiences of other women in Galp and outside the company.



For the 6<sup>th</sup> year in a row, Galp published the Plan for Equality ([link here](#)), a document approved annually by the Executive Committee which contains our main goals towards achieving effective equality of treatment and opportunities between women and men, promoting the elimination of gender discrimination, and fostering balance between personal, family and professional life.

Also this year, we carried out an analysis of salary equity with the commitment to reduce the pay gap in the coming years, where the gap is most significant. In order to ensure this principle, Galp applies performance meritocracy to the Promotions & Progression exercise leading to a previewed reduction of 20% in the gender salary pay gap.

Mean total remuneration	21%
Median total remuneration	36%
Mean gender pay gap	19%
Median gender pay gap	34%
Mean bonus gap	35%
Median bonus gap	33%

<sup>1</sup> gender pay gap is calculated by subtracting the mean/median female compensation from the mean/median male compensation and dividing the result by the mean/median of the higher earning gender compensation. The gender pay gap indicator considers the annual base remuneration and the bonus gap indicator considers the variable remuneration. The total remuneration indicators include both annual and bonus remunerations.

People with disabilities

At Galp, we do not tolerate any form of discrimination based on disability, ensuring equal opportunities and equal treatment in matters of professional activity. We are part of the Inclusive Community Forum (ICF) initiative, that aims to promote the inclusion of people with disabilities in the community. As part of this initiative, Galp has set the commitment to increase the number of employees with disabilities working in the company, addressing the main obstacles to the inclusion of these people while also promoting employability.

As of December 31<sup>st</sup> 2022, Galp had 74 employees with disabilities above 60%.

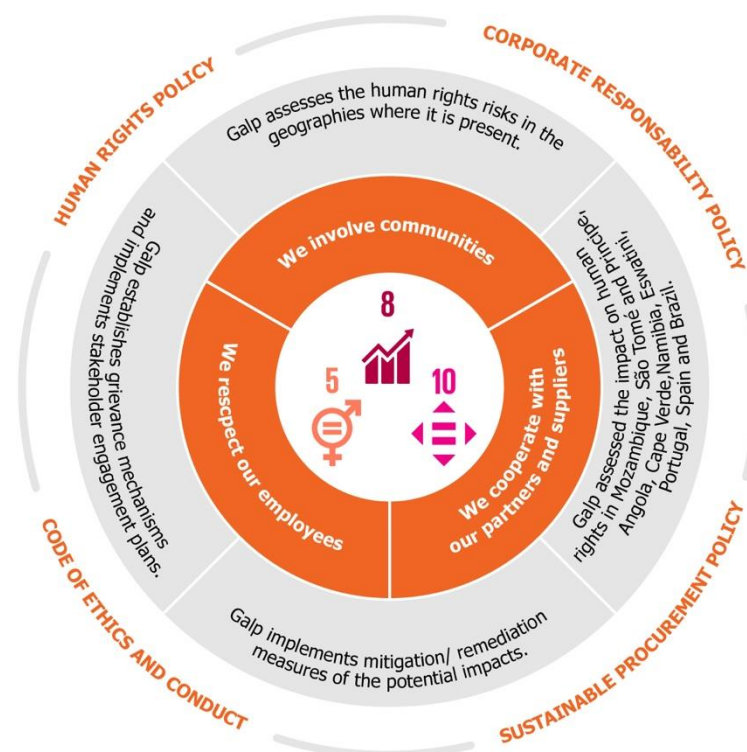
Throughout 2022 we developed several initiatives with local associations such as continuing our partnership with Fundação La Caixa, our partnership with Alares – Plan Concilia – which is fully run by people with disabilities in a special employment centre, offering telephonic assistance on many topics from health to juridic to all Galp employees in Spain. In addition, we participate in awareness campaigns such as the International Day of People with Disabilities, December 3<sup>rd</sup>, with Fundación Adecco.

Respect, protect and fulfil Human Rights

Galp is committed to promote, respect and comply with internationally recognised human rights. In our Human Rights Policy (available here), which is aligned with internationally recognised standards, including the 10 principles of the United Nations Global Compact, the Universal Declaration of Human Rights by the United Nations as well as the Code of Conduct of the International Labour Organization (ILO) and the respect for the fundamental rights and freedoms of indigenous communities (ILO 169 and IFC PS7), we reinforce the commitment to respect, promote and enforce Human Rights within our stakeholders – employees, communities, suppliers, partners and customers – adopting measures to prevent our operations from causing, directly or indirectly, any abuses or violations of the internationally recognised Human Rights.

We are also conscious that, to pursue our energy transition strategy, and to ensure support from investors, it will be fundamental to guarantee compliance with the EU Taxonomy. This will not only promote transparency regarding activities that are actually environmentally sustainable, but also the alignment of companies with a set of Human Rights frameworks.





Learn more about Galp's corporate documents and policies (link [here](#)).

## Address all findings and potential impacts

We have a due diligence process in place to proactively identify and assess potential impacts and risks related to Human Rights, aiming to cover all our operations, value chain or other activities related to our business, new acquisitions and joint ventures. Following this, for the past years, Galp has been undertaking human rights assessments in its operations throughout Europe, Africa and Brazil, and as a result, action plans were defined. All this information is publicly available for all stakeholders and can be consulted in the Human Rights Annual status report (link [here](#)).

Galp recognises that human rights is a topic in which the company must do more, acting proactively to identify initiatives that can mitigate potential findings and creating positive impact across all our operations. For that, in our 2023-25 Sustainability Roadmap, we have defined the following actions to be implemented:

- Create an internal dedicated team responsible for managing the human rights topic;
- Conduct human rights risk assessments in relevant geographies, at least every 3 years;

- Define a plan to address the assessments' findings and implement the needed remediation or improvement actions;
- Reassess needed geographies to guarantee that "100% geographies assessed in the last 3 years" remains valid.







## Spread Human Rights awareness in our ecosystem

As stated in our Human Rights Policy, Galp is committed to spreading Human Rights awareness in its ecosystem – employees, clients, suppliers, partners and other relevant stakeholders.

In 2022, we had a total of 1,206 hours of training in Human Rights topics to our employees across all geographies.

4. Protect and empower our people



Our 2030 ambitions		Safest energy company in the world			Galp as the greatest place to work			
Our targets and KPIs		No life altering events by 2030 Achieve a LTIF ≤ 0.9 by 2023	Zero Fatalities	No major industrial accidents	Engagement level	New hires Rate	Turnover Rate	
2022		1.2	0	7 primary containment losses that impacted the environment 64 m³	74%	18%	9%	
Material topic		Safety			Development of Human Capital	Talent Attraction and Retention	Health	Work practices and conditions
Our alignment with the SDGs		<div>3 GOOD HEALTH AND WELL-BEING</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>	<div>10 REDUCED INEQUALITIES</div>	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>	<div>17 PARTNERSHIPS FOR THE GOALS</div>	



For Galp, people come first. Being a sustainable and responsible business without the wellbeing of our workforce is incompatible. We strongly believe in empowering human potential and talent, whose skills are the main drivers of our long-term success. We also believe this is only possible if we have a safety culture incorporated in our DNA, caring and ensuring that our workforce return home safely, every day. Therefore, our fourth foundation has the ambitions to become the safest energy company in the world and to be recognised as the greatest place to work, where we reenergise our people and provide a dynamic culture, innovative clean energy solutions, while always caring for the people and the planet.

## Safest energy company in the world

Safety is what makes us return home every day. It is a value and a non-negotiable commitment we share in our DNA, that translates into ensuring the safety of people, the value of our assets and the protection of the environment.

Our ambition to become the safest energy company in the world extends to all assets and environment where we operate. We are focused in achieving **zero personal, material and environmental accidents with a significant impact**. For this purpose, we act in accordance with safety best practice, making use of the most recognised international guidelines, guaranteeing the integrity of assets, at all phases of their life cycle. 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. We also work continuously to strengthen our safety culture. The higher the maturity level of our safety culture, the greater our capacity to generate value: to our employees and contractors, to the local communities in which we operate, in the

creation of more and better jobs; to generate more sustainable businesses over time and deliver greater value to our shareholders and investors.

### Our Vision

- We believe that safety really matters, it's in our hands. It is our license to operate.
- We are here for the long term, growing and thriving from the care we have for safety. We attract great partners, new opportunities and the best talent.
- We are known for our deep care for people, the environment and our assets. We at Galp pull together as a community with pride in our accomplishment.
- Our people are engaged, disciplined and positive. Our facilities are clean and well organised to the highest standards.
- We are trusted. We are the safest energy company in the world.

## Guarantee no personal harm for all

In 2022, there was a significant decrease in the number of employees injured and overall severity. In 2021 there were 1174 days away from work related to 14 accidents and, in 2022, we reduced this to 214 days related to 7 accidents, which represents an 81% decrease in severity.

We also saw a very encouraging increase in the amount of Near Misses reported across the business (81% increase with 438 Near misses reported in 2022), reflecting the improvement in our safety culture and transparency. This allowed us to learn and improve without the consequences of injuries. Our message this year has been very clear that we need to learn from unsafe conditions, unsafe acts and near misses without the fear of blame.

In 2022, the number of contractor injuries increased, particularly the report of minor injuries. In 2021 there were 878 days away from work related to 14 accidents. Despite having in 2022, an absolute increase of these data (1087 days related to 24 accidents), the severity decreased about 27%, when comparing to the previous year.

In 2022, we introduced the concept of SIF – F (Serious Injury and Fatality – Frequency) to focus the organization on preventing serious incidents that can affect people, assets and community. In 2021 we had 3 serious injuries and, in 2022, we have reduced this to 0.

Sharing our performance, periodically, is important for us. A safety week status is shared with the Leadership Team with LTIF and TRIR performance, as well as some highlights, if applicable.





	2019					2020					2021					2022				
	Fatalities	Accidents LTIs <sup>1</sup>	Accidents RWC & MTC <sup>2</sup>	LTIF <sup>3</sup>	TRIR <sup>4</sup>	Fatalities	Accidents LTIs <sup>1</sup>	Accidents RWC & MTC <sup>2</sup>	LTIF <sup>3</sup>	TRIR <sup>4</sup>	Fatalities	Accidents LTIs <sup>1</sup>	Accidents RWC & MTC <sup>2</sup>	LTIF <sup>3</sup>	TRIR <sup>4</sup>	Fatalities	Accidents LTIs <sup>1</sup>	Accidents RWC & MTC <sup>2</sup>	LTIF <sup>3</sup>	TRIR <sup>4</sup>
Employees	0	19	4	1.5	1.9	0	9	4	0.8	1.1	0	14	7	1.2	1.9	0	7	3	0.6	0.8
Service providers	0	13	14	0.8	1.6	0	5	10	0.3	1.0	0	14	4	1.2	1.6	0	24	20	1.8	3.3
Total	0	32	18	1.1	1.7	0	14	14	0.5	1.0	0	28	11	1.2	1.7	0	31	23	1.2	2.1

<sup>1</sup> LTIs: Lost time injuries.  
<sup>2</sup> RWC & MTC: Restricted Work and Medical Treatment Cases.  
<sup>3</sup> LTIF (Lost Time Injury Frequency): all accidents with lost time (including fatalities) per million work hours. Aligned with Concawe definition.  
<sup>4</sup> TRIR (Total Recordable Injury Rate): all accidents (includes fatalities, accidents with sick leave and medical treatment, excludes first aid) per million work hours.

Note: in 2022, the construction operations in the Renewables sites were included in the scope of analysis for the key safety indicators.

Travel security app

An international assistance application was launched in the Company, applied for all employees and mandatory for all journeys outside the country of origin. This app provides personalised travel advice, real-time updates, incident alerts and 24/7 assistance, when needed, anywhere around the globe. By using this app, employees will travel safely, get real-time alerts while traveling, get assistance on demand and connect easily.

Prevent major industrial accidents

Process Safety

Galp guarantees a proactive action, based on analysis and prevention of activity risks. The company identifies the risks involved and

implements suitable risk measures which apply to its assets. Also, we update all the processes safety information on a regular basis, in accordance with the management changes procedures and the results of risk analysis, having a robust risk management and acting on the accident prevention.

In 2022, Tier 1 and tier 2 process safety events (PSE) decreased 69% and 43% respectively, comparing with last year.

Process safety event rate	2019	2020	2021	2022
Tier 1 <sup>1</sup>	0.10	0.07	0.13	0.04
Tier 2 <sup>2</sup>	0.17	0.48	0.49	0.28

<sup>1</sup> 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.  
<sup>2</sup> Tier 2 is a primary containment failure with minor consequences: unplanned release of any material, including non-toxic and non-flammable materials, with consequences.

Emergency Response

In addition to focusing on prevention actions, we ensure emergency management based on a quick and effective action, guaranteeing that the adverse effects on people, the environment and assets are minimised. It is necessary to plan, train and prepare the emergency response to mitigate potential impacts on people, the environment,

facilities and the community. Emergency management is carried out in a systematic manner, following an internal standard, with plans for internal emergencies being defined for all our facilities, in collaboration with relevant stakeholders. All of our sites conduct emergency training and drills to test and review their emergency plans, including pollution and spill control.

Road transport safety

We are focused on improving our road transport safety, to be aligned with Galp Vision to be the Safest Energy company in the World. In 2022, Galp has focused on developing a management system with the industry best practice standards and requirements to assure that we have a robust and comprehensive Galp Road Transport Safety Manual with safety pillars and guidelines.

A transformational project was started in 2022 with the ambition to reach zero accidents, engaging Galp top leadership, employees and haulers. For that purpose:

- We promoted top level forums bringing together the Haulers community and Galp leadership;
- We started a road show, promoting one to one sessions, with haulers in our Iberian operations with 15 sessions introducing the



road safety pillars and some important compliance requirements bringing forward a strong engagement and relationship;

- We developed a comprehensive Galp Road Transport Safety Manual, some assessment tools and support materials that will be available to Haulers community;
- We created a new Galp unsafe condition and near miss platform and made available to the haulers to have a transparent and easy mechanism to detect and solve any condition that could lead to an accident aiming for the safest journey management.

The 2023 year will be a milestone year as we will continue to implement this transformational project, which will be a long-term challenge and a demanding continuous focus on Safety.

### Incorporate safety culture in our DNA

We are focused on working continually to build a strong safety culture, bringing our employees, contractors and suppliers together in this journey, sharing the same vision.

In 2022, Galp promoted initiatives to reinforce its safety culture, impacting several geographies where we operate:

- **Galp Safety Leaders Way (GSLW)**

We believe safety begins with leadership. For that purpose, we have started a program to put in place a *Shared Commitment* to become the safest energy company in the world. This program involves three main focus groups – Senior management, Frontline leaders and Workforce – in order to embed this vision in all

company and contractors. In the Industrial & Midstream business, the program has already started. More than 2100 people participated in activities related with safety culture (350 in commitment Safety workshops (Safety Orientation Champions), 1750 in safety orientation sessions, 24 in frontline leaders leadership skills). Ten Safety leaderships team meetings across Galp facilities were conducted and engagements and Safety Meetings with the main contractors' companies happened throughout the year.

- **Galp Safe Energy Day**

With the involvement of the entire leadership team, we celebrated safety throughout the organisation with events in more than 20 locations, including service stations. Our CEO, Executive Committee and Leadership Team accompanied employees, partners and service providers in these locations throughout Portugal, Spain and Cape Verde. Some events included first aid training, firefighting response training, drills, recognition moments, among others.

- **Safe Energy Awards**

We promote moments to recognise and thank those who stand out for their example on safety. At the end of 2022, we hosted the first edition of the Safe Energy Awards where we reflected on the 2022 safety journey and recognised teams for their contribution toward our vision of being the safest energy company in the world. The Executive Committee awarded their teams that have showed outstanding Safety Leadership, Operations Excellence and Care for People.

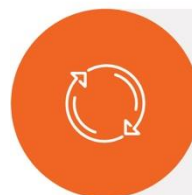
## Galp as the greatest place to work

We recognise that it is important to nurture lifelong opportunities, advance knowledge, and skills, encourage diversity and inclusion, promote well-being, and guarantee the respect of human rights, full human potential is inextricably tied to sustainable development. Galp is a firm believer in managing human potential and talent through an integrated approach that is deeply rooted in recruitment, integration, performance management, reward, recognition, learning and training, mobility, wellbeing, as well as with sustainability and company's values.

Last year, we redefined our purpose. We prioritize innovation and agility always empowering our people and protecting the planet. We put our customers first, reaching out to them as One Galp that provides them with the energy solutions they need, while restoring the connections between nature and humanity that are essential to revitalize our communities. We will communicate openly and with compassion, to earn their trust. By doing this, our Galp brand image will, inevitably, regenerate, becoming an exciting place to work.

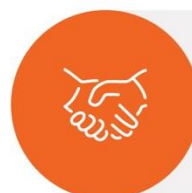


## Galp is...



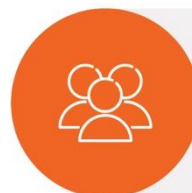
### Change agile

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

## Reenergise our people

As one of the three pillars of our new purpose, we are committed to reenergising our people. A piece of that is our ambition to make Galp the greatest place to work, that enables our people to unleash their ultimate potential.

We are working in new capabilities, taking advantage of our solid learning culture to drive agility and high performance throughout the organization aiming to create:

- Care | Fair, competitive and transparent rewards, recognition and focus on wellbeing
- Cultural Change | Sense of purpose and cultural change towards flexibility and trust
- Leadership Development | Human centred leaders that walk the talk, empower and enable a One Galp culture
- People Experience | Performance succession planning, learning culture, DEI, new talent pools
- New Ways of working | Structures and ways of working, agile, new skills, benchmark for efficiency

Last year, we started working on people analytics, using data to better manage our human capital, ensuring we get the right people, in the right places, doing the right things to achieve the organisation's strategy, all at the right cost. An important output of this is our internal mobility programme that acts as a development opportunity for our employees, allowing them to diversity experiences and

networks while also contributing to improve their agility. We promote internal mobility as a continuous and crucial part of our People strategy. In 2022, 334 people changed internally between departments, with 32% of the total internal hires being filled by internal candidates.

In our journey to make Galp the greatest place to work and an organisation truly focused on its people, we launched another People Strategic Program, the Endorse – Referrals program. This program gives employees the opportunity to refer professionals who, in their opinion, would be a perfect fit for the open positions at Galp

Aligned with our new purpose, we extended our benefits to employees, prioritizing initiatives that leverage our energy transition path like offering special deals for all Galp employees in Galp Solar PV installations, electricity, natural gas, fuel and other energies and services.

## Attract and empower talent

Galp is committed to address the challenges ahead, managing talent and empowering the workforce through training actions, highly focused on new trends and the energy transition.

When it comes to attracting young talent, in 2022, Galp promoted several initiatives, with impact in several geographies where we operate:

### • Generation Galp

The 24<sup>th</sup> edition of the programme welcomed 51 trainees, 46 in Portugal, 2 in Spain and 3 in Brazil, 53% of which are women





and 47% are men. The range of qualifications was varied with 84% of them having a master's degree, 12% having a bachelor degree and 4% having a technical-professional course background. The Generation Galp programme has been a solid source of entry for new and qualified generations of employees into the company, with a retention rate of 70% of all participants, since its first edition.

- **Ready.Set.Galp**

For the second year in a row, Galp launched the "Ready.Set.Galp" student internship programme with the goal of providing the first work experience to those who are finishing university. In 2022, Galp welcomed a total of 9 interns, 4 of which are men and 5 women, spread across the Commercial, Corporate, Industrial and Midstream and Renewables & New Businesses teams.

- **Master's degree on Oil Engineering**

In 2022, Galp had 12 students attending the internship programme, 4 Portuguese and 8 Brazilian, with a gender balance of 58% female and 42% male. After the programme, 2 students were integrated in Galp and are currently working in the Upstream engineering and Innovation teams.

- **Galp Integration Program**

In 2022, integrated in the "Together for Ukraine" taskforce, we launched the Galp Integration Program (GIP). This program aims

to help people coming from Ukraine to get settled in Portugal, allowing them to find a new career opportunity in their field of expertise and to continue pursuing their professional path. We provided to all selected candidates a financial support package to help in their settling in Portugal and finding real opportunities that meet their knowledge and capabilities. A total of 17 applicants joined the company, 71% of which are women and 29% men.

- **Mentoring@Galp**

This year we launched the mentoring programme 2022 edition, with the ultimate goal to enable the sharing of important knowledge, between mentors and mentees, while addressing strategic organizational needs and focusing on the professional and personal development of all the mentees. This year's edition, so far, involved 24 mentees and 22 mentors. Final data, including hours of interactions, will only become available in the end of the programme.

In addition to several internal programmes to promote young talent, Galp recently joined the Portuguese "Pacto para Mais e Melhores Empregos para os Jovens" (Pact for More and Better Jobs for Young People), an initiative promoted by Fundação José Neves with the sponsorship from the Portuguese President. This pact aims to contribute to the employment of young people with each signatory company committing to, until 2026 and with specific metrics and targets, hire, retain, train, develop, guarantee quality employment and give voice to the younger generation. For 2026, we have the goal to increase in 12 p.p the total of young people working in Galp.

## Creating a recognition culture

In 2022, we launched GROW (Great Recognition of Outstanding Work), a recognition program which main purpose is to promote a culture of recognition along with a culture of experimentation throughout the Group, which is essential for the pursuit of Galp's transformation process. It recognises new ideas materialized in extraordinary results that contribute to effective improvements in safety, operational efficiency, organisational agility, cost reduction, investment optimisation, sustainability, partnerships, among other contributions likely to support the achievement of the Group's main objectives and challenges. Between August and December, a total of 148 employees were recognised and awarded.

In addition, we continued to simplify some people management processes, aiming to create a more dynamic environment and empowering the organisation. In 2022, the performance assessment model was reviewed, responding to the organisation's need for reinforcing cultural alignment and incorporating a more agile mentality in Galp's DNA, adjusted to our cultural principles. Extensive training for all the managers/evaluators in Performance Evaluation, Calibration and Feedback skills was provided at the end of the year, aiming to ensure that all evaluators correctly assess performances by analysing behaviours, skills and attitudes aligned with Galp's cultural principles.



Advocate people's wellbeing as top priority

We are committed to making Galp the greatest place to work and for that we are focused in giving people the best working conditions, promoting safety, health and well-being in the workplace.

Promoting flexible work conditions

In 2022, we fully implemented the “Smart Work” – Hybrid Home Office Policy – that started during the Covid-19 pandemic, which consists in flexible work schemes, providing better conciliation options, in order to promote a better work-life balance. This goal was confirmed by a survey where the respondent employees rated 7.89/10 considering their level of satisfaction with the new model and 4.29/5 when asked if the new model helped having better work-life conciliation. On the note of promoting flexible and agile ways of working, in 2022, agile spaces were inaugurated in our headquarters to accelerate the company's digital transformation journey with auditoriums for retrospectives, design thinking sessions or lean inceptions, break rooms and individual corner desks, to foster collaborative and agile work.

Protecting the health of our people

In a year in which the world is still recovering from the impacts of the covid-19 pandemic, Galp continues to ensure that all employees have a safe and healthy work environment, promoting health & wellbeing as a part of their daily activities.

In 2022, our Occupational Medicine continued to perform periodic medical examinations, important for employees due to the new challenges of work, such as remote work, the use of technologies, the reconciliation of work and personal life, lifestyles, socialization and the respective impacts on their physical and mental health. We also continued to monitor the situation arising from the covid-19 pandemic, seeking to ensure, at all times, adequate health and safety conditions to prevent the risk of contagion, through the identification and dissemination of restrictive measures adapted to each reality.

Wellbeing is a strategic pillar for Galp as our aim is to have an ongoing plan with several initiatives available to our employees that aim to promote their welfare helping with health, mental and physical challenges they may be exposed to. Galp is focused on ensuring an equal experience of health and wellbeing for each of our people, in all locations and geographies, ensuring that all feel healthier, more productive and happier.

This year, we continued to promote several initiatives, in all geographies, namely: nutrition consultations (in Portugal and Spain), mental health support (in Portugal and Cape Verde), Yoga, Pilates and gym partnerships (in Spain and Brazil), physiotherapy (in Spain and Cape Verde), providing mental health and suicide prevention workshops (in Portugal, Cape Verde and Mozambique) among others. Aligned with our commitment to foster a culture of parenting protection and support, we developed a parental kit, with information on all the relevant new parenting topics such as rights and duties, legal regime, useful contacts and procedures and the delivery of physical parenting kits to all new parents.

The challenges for 2023 are deeply related to the world’s new reality, with an underlying scenario of prolonged uncertainty. This cycle began with the pandemic and was reinforced by the war in Ukraine, earlier this year. In this context, Galp's main focus is on people, as the resilience of our strength lies in a work environment where each of our people has the necessary tools to better adapt to adverse situations, being able to manage stress and remaining motivated.

5. Promote a value-adding, conscious business



Our targets and KPIs	Embed sustainability in our culture	Transparency and ethics as key principles	Sustainable supply chain driving our business	No significant cyber security breach
	Performance evaluation linked to ESG metrics	NFI Internal Control framework Cases reported in need of disciplinary measures (Open Talk)	100% Tier 1 suppliers evaluated in terms of ESG	Significant cyber security breaches (no.)
2022	Safety and Climate metrics for all employees (weighing 25%) and executive members (weighing 15%)	External audit performed and control improvement plan in implementation 18%	93%	0
Material topic		Business Ethics	Sustainable supply chain management	Security
Our alignment with the SDGs	 4 QUALITY EDUCATION	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 11 SUSTAINABLE CITIES AND COMMUNITIES	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	 8 DECENT WORK AND ECONOMIC GROWTH	 10 REDUCED INEQUALITIES	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 17 PARTNERSHIPS FOR THE GOALS





At Galp, our ultimate goal is to promote a value-adding, conscious business for all our employees, clients, investors and other stakeholders. For that, our fifth foundation has the very clear purpose of promoting sustainability, ethics and transparency values inside the company, while also focusing on improving our supply chain, turning it more sustainable, always protecting people and assets through business continuity plans that ensure no security breach compromises the future of the company.

Embed sustainability in our culture

While driving and thriving through the energy transition, we need to bring the sustainability lens to our investment analysis and decision-making process and embed it in our culture. For the past years, our sustainability journey and world class practices were not unrecognized as we have been consistently ranked as one of the most sustainable companies over the last decade by some of the most reputable entities on this field.

Shared accountability for success

Management 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



Sustainability incentives

The company's commitment with decarbonisation and with driving the energy transition is reflected by its performance evaluation ESG indicators, linked to variable remuneration and applicable to all employees in all geographies.

All employees

From 2022 onwards, hydrocarbon production related metrics are no longer featured as weighting factors in employees' incentives. The performance scorecard was reviewed in 2022 to give more empowerment to ESG related metrics, that now weight 25% of all annual performance indicators, covering safety and decarbonisation KPIs. In addition, 20% of the employees' scorecard is allocated to the completion of strategic milestones that include, among others,

topics related to cybersecurity and low carbon projects like electrification and H<sub>2</sub>.

Executive Committee

For the Executive Committee, safety and decarbonisation KPIs are also included in the short-term incentive scorecard, with a combined weight of 15%. The remuneration policy of members of the Galp's corporate bodies is reviewed annually and made publicly available (link [here](#)).

Objective Key Results (OKR)

OKR methodology has recently been implemented in all business units with the aim to engage the wider organisation in delivering Galp's strategic milestones. By leveraging visibility on what matters, teams



worked with high focus and recognized their efforts in Galp's results. Some of the sustainability related OKRs present in the business units' scorecards are related with safety, decarbonisation projects and carbon offsets strategy, increase renewables capacity and production, among others.

## Our certifications

In 2022, Galp approved SIG 2.0, a revamped Integrated Management System that aims for Galp to have a more simplified management system, more focused, agile and with added value for the organisation. In SIG 2.0, we maintained the ISO 9001 and ISO 14001 certifications in the majority of our assets (according to the scope defined in the 1993/CEP.096 and 2018/AMB.0896 certificates, respectively), the ISO 50001 in the Sines Refinery as well as SEVESO and EN 12591:2009 (CE marking) certifications in the applicable sites.

## Transparency and ethics as key principles

At Galp, ethics is a key principle that we live and apply everyday in our activities, reinforcing our commitment for zero tolerance for corruption and other unethical practices in order to maintain our business ethical and trustworthy. We aim to generate trust amongst all our stakeholders by acting ethically and in a transparent manner that shows that both these principles are imperative for Galp.

## Zero tolerance for unethical practices

Our Code of Ethics and Conduct (link [here](#)) is one of the main expressions of Galp's corporate culture, guiding the personal and

professional behaviour of all people of the group, regardless of the position or function they perform, as well as the relationship between employees and shareholders, investors, customers, suppliers, and representatives of the communities with which Galp interacts.

## Embracing ethics

As part of our journey to make Galp the greatest place to work, we are committed to reinforce a culture of ethics, providing a safe work environment, free from discrimination and harassment, across the company and externally.

## Communicating irregularities

Galp's Open Talk is a safe, confidential and, if desired, anonymous channel for questions, concerns or reports of breaches within the scope of our Code of Ethics and Conduct. This channel is publicly available to any stakeholder of Galp's network and is managed by the Ethics and Conduct Committee which is responsible for receiving and handling all the communications made, concerning potential irregularities or breaches of the Code of Ethics and Conduct or of the complementary internal regulations.

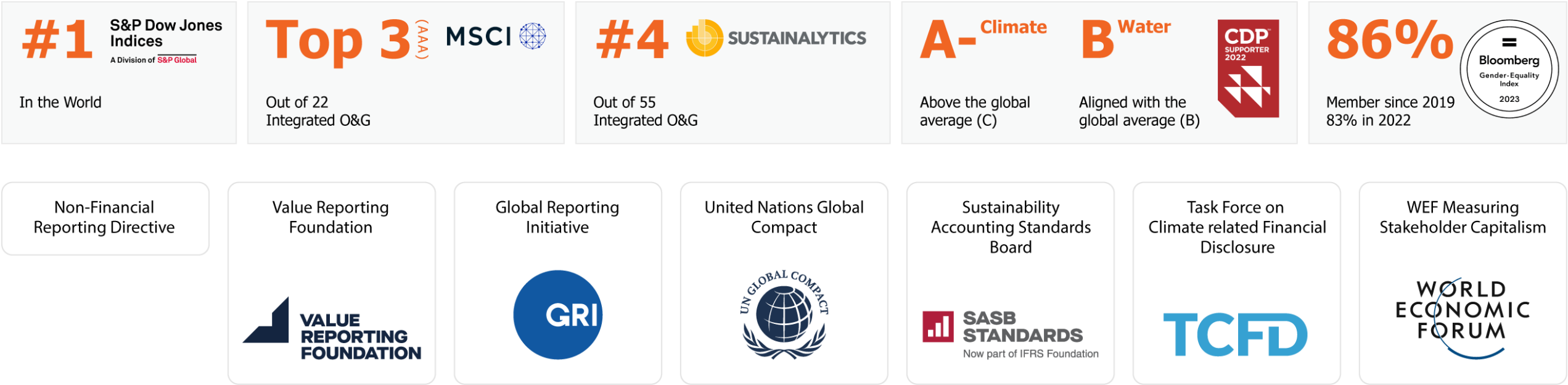
In 2021 this channel was renovated in order to guarantee a closer alignment with the European Directive. Open Talk is available 24 hours a day, to all stakeholders through an online platform (link [here](#)), by phone, post or email. All calls and reports over the Open talk channel are received on behalf of Galp by an independent third party specialist ethics line provider who is in charge of communicating them to the Ethics and Conduct Committee who ensures that there are no acts of retaliation against anyone who has, in good faith, reported facts deemed to violate the Code of Ethics and Conduct.

We believe it is the duty of all employees, particularly the leaders, to ensure compliance with this commitment from Galp towards whistle-blowers on a daily basis.

In 2022, the Ethics and Conduct Committee received 65 reports which were properly investigated, according to the Irregularities Communication Internal Standard. From the reports received, 36 were related to moral harassment in the workplace, 8 to potential conflict of interests, 3 to safety in the workplace, 7 to misappropriation of property and 11 were tests or unsubstantiated reports. Of the 65 cases reported, 11 were archived due to lack of evidence of the facts described, 6 required the adoption of disciplinary measures by the Company, 6 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, 11 are in progress and 31 are out-of-scope complaints that do not have mitigation measures defined.

## Fighting corruption and other unethical practices

At Galp, all corrupt practices are strictly forbidden. In 2022, we continued our efforts to prevent corruption, in all its active and passive forms. For this we have a Corruption Prevention Policy and a Prevention of Money Laundering and Financing of Terrorism Policy (Corporate policies available [here](#)) that set the tone of our commitments on this topics and which are applicable to all the group and its employees. In addition, we have the commitment to consistently promote full compliance with the provisions of the Code of Ethics and Conduct, aligned with the best practices expressed in several international standards such as the United Nations 2004 Convention to Combat Corruption (UN Global Compact 10 principles).



**Increment greater ESG disclosure, clarity, and accuracy**

Because part of the transformation is to progressively promote transparency, Galp engages with several internationally established benchmarks and sustainability principles and discloses its non-financial performance aligned with internationally recognised voluntary reporting standards and frameworks. Also, our sustainability journey and world

class practices were not unrecognized as Galp has been consistently ranked as one of the most sustainable companies over the last decade by some of the most reputable entities on this field.

We want to continuously increase the transparency of our communications and ESG disclosure in line with the best practices of the sector that demand an increment on clarity, accuracy and reliability of all data.

To achieve that, in 2022, we continued taking steps towards incrementing clarity, accuracy and reliability of all ESG data. For the first time, we conducted an independent Non-Financial Information (NFI) audit that assessed all NFI sources and outputs of information, analysing potential improvements and drawing an action plan to be implemented throughout 2023.



## Galp is now an EFRAG Community Sector Group member

In 2022 we joined the European Financial Reporting Advisory Group (EFRAG), as a member of the Community Sector Group for the development of the EU Sustainability Reporting Standards – Sector standards on Oil and Gas, within the scope of the Corporate Sustainability Reporting Directive (CSRD), through joining several workshops along with other peers.

We are also now a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, that will give us the opportunity to learn from sharing and to build capacity towards nature-positive outcomes.

## EU Taxonomy

The EU Taxonomy regulation for sustainable activities was developed within the scope of the European Green Deal and the framework of Sustainable Finance, to provide a common language and framework for investors, companies, and policymakers to assess the sustainability of economic activities, and to guide investment decisions towards activities that have a positive impact on the environment and society. The EU taxonomy is intended to be a classification system and sets criteria and technical screening factors to define and identify sustainable economic activities that significantly contribute to the environmental objectives and its sustainable growth of the European Union.

The First Delegated Act was published and adopted in 2021 and determines whether the activities contribute substantially to the objectives of adaptation and mitigation to climate change, do not cause significant damage to other environmental objectives and comply with minimum social safeguard established by OCDE and the United Nations.

At the present, the EU Taxonomy only covers two of the six environmental objectives and it is expected that the regulation will be in continuous development in the coming years, in order to include the remaining environmental objectives, as well as other activities that should be considered in the list of sustainable economic activities.

As in the previous year, an eligibility analysis of Galp's business activities based on the Delegated Acts of the EU Taxonomy Regulation was conducted in 2022.

This year, in addition to the eligibility analysis, we evaluated the compliance with EU Taxonomy technical screening criteria to conclude about the alignment of the eligible activities.

During the evaluation of the alignment, business units interactions were promoted to identify the substantial contribution to the environmental objectives, to verify whether do not these activities cause significant damage to other objectives and to ensure the compliance with minimum social safeguards. From these interactions it was concluded that all of Galp's eligible activities comply with all Technical Screening Criteria.

Further information about Galp's EU Taxonomy context, alignment and performance can be found in Part V – Appendices (1. Non-financial consolidated information).

## Galp Low Carbon capital allocation

In addition to the activities included on the Delegated Acts of the EU Taxonomy, 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 and CO<sub>2</sub> emission reduction projects in the Refinery (which also contribute to improving energy efficiency). Furthermore, Galp includes in its Low Carbon capital allocation definition the renewables and other eligible non-consolidated business under the EU Taxonomy, although these are excluded from a consolidation perspective. Considering our internal classification of sustainable activities, Galp's strategic plan foresees over 70% of the net capital expenditures planned during 2023-2025 to be allocated to low carbon activities which, from its perspective, reflects the Company's ambition and commitment to the energy transition and the transformation to a carbon neutral value chain.

## Sustainable supply chain driving our business

Galp's activities generate thousands of direct and indirect jobs worldwide. This impact means a wide range of economic, social and environmental concerns that needs to be addressed by Galp when dealing with contractors and suppliers, especially in the context of the energy transition where our supply chain is also changing.





Our relationship with our business partners is built on known policies, codes and practices, aligned with the highest ethical, social, environmental, and quality standards. Besides including sustainability criteria clauses in its purchase contracts, Galp has also processes in place to assess and manage the ESG risks of the supply chain.

We seek to promote local development, prioritizing contracts with local products and services – around 86% of our total procurement is local-based.

### ESG as primary criteria for managing all our suppliers

All our bidders, when registering and participating in the purchasing processes, declare that they are aware of and undertake to comply

with our Sustainable Procurement Policy, Code of Ethics and Conduct, Corruption Prevention Policy, Corporate Social Responsibility Policy, Quality Policy, and Safety, Health and Environment Policy.

### 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 position of the suppliers
- ESG risk surveys through various internal procurement platforms
- Audit and evaluation of ESG services

### Updated Sustainable Procurement Policy

Our Sustainable Procurement Policy (link [here](#)) was updated in 2022 and the following four fundamental principles were reinforced:

- Respect for human rights and working conditions
- Acting with transparency and integrity
- Assume quality as a critical success factor
- Protection of the environment, people, and assets

We are committed to establish and maintain relationships only with suppliers that adopt, respect, act and cascade on its own supply chain, the principles set out in our Sustainable Procurement Policy.

### ESG Survey

All our suppliers receive a survey with ESG criteria that will contribute to their overall qualification. Our survey is divided in different topics covering matters such as:

- Assuring that our suppliers have their own Code of Conduct
- Stakeholders Engagement (e.g., community investment, diversity inclusion programs, work-life balance)
- Energy and Environmental Management (e.g., environmental goals and action plans to achieve them)
- Supply chain (e.g., purchasing policy, ethics, environment, safety, quality, and social requirements)
- Communication and Transparency (e.g., channels to transparently provide their information)
- Safety and Health (e.g., certifications, health and safety policy, training, number of work accidents)
- Environment (e.g., certifications, training, performance monitoring, ecoefficiency procedure, biodiversity areas, ecological materials)



Galp will reinforce its ESG supply chain assessments, working with specialized entities as a complement of its supplier’s evaluation and decision process.

Assessment of suppliers’ exposure to sustainability risk

Percentage of suppliers assessed in the last three years

Type of suppliers	2020	2021	2022	Target 2023
Tier 1	96%	88%	95%	95%
Critical Non-Tier 1	95%	90%	81%	95%

Galp values suppliers that are certified in internationally recognised standards as a guarantee of its commitment to continuously improve its sustainability performance. In 2022, 18% of Galp’s critical tier 1 suppliers audited, were certified.

International standard	2020	2021	2022
ISO 9001	2,931	2,426	2,643
ISO 14001	1,640	1,389	1,540
OHSAS 18001/ISO 45001	1,678	1,387	1,525
Other certifications	1,887	366	497

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 2022, Galp made a total of €673 m in purchases from 3,196 suppliers, of which 867 were tier-1 suppliers with >€50 k and 406 were critical suppliers.

	2022
No. of suppliers	3,196
No. of critical <sup>1</sup> tier n-1 suppliers	16
No. of audited tier 1 suppliers	106
% of local purchases	86%
Average days of payments to suppliers	50

In 2022, 162 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, in 2022, was to conduct 50 in-site audits of suppliers, which has clearly been exceeded as there were 89 in-site audits. For 2023 we aim to conduct 60 in-site audits.

<sup>1</sup> 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.

Act for change, together with our suppliers

We believe that applying the principles set out in the Sustainable Procurement Policy will improve the global ESG footprint. Galp is willing to support its partners in their sustainability journey as it requires a common effort between all the parties involved in the business relations.

A supplier survey was conducted in 2022, by the Procurement team, to determine the supply chain alignment with our policy, as well as obtain a perception of the best market practices. A total of 502 tier 1 suppliers, which represents 86% of total billing, were invited to answer, where we obtained a 46% response rate. All suppliers scored above 75% in this survey, which provided a positive assessment of our supply chain.

In 2022, we also shared with more than 3,400 suppliers our RGPD and Cybersecurity flyer to sensibillize and inform about the best practices and the steps to take on these topics. Moving forward, we want to find more comprehensive ways to reach all our suppliers, by sharing regular communication on sustainability topics, and identify ways to reward the suppliers with best ESG “compliant” practices.

No significant cyber security breach

One of the biggest challenges that cybersecurity faces is the evolving technology which gives cybercriminals an ever-growing list of vulnerabilities to explore and results in an increased likelihood of accidental failure of Galp’s digital infrastructure. This combined with the constant development of new methods of conducting cyber-attacks exposes Galp to an increase cyber-threat risk. In addition, the



Russia-Ukraine conflict has exacerbated this trend, triggering an increase in cyber-attacks on energy infrastructure in several European countries, with serious consequences.

Considering this context, cybersecurity has become a greater priority for Galp, whose ambition and strategic milestone is to have no significant cyber security breach, measured by having no cyber security incidents that lead to interruption of our critical business processes longer than RTOs (Recovery Time Objective) included in the Business Continuity Plan and by having no personal data breach with “High” level of impact and probability, in line with Galp’s GDPR risk matrix. For that, we have strengthened cyber resilience in our operations and incorporating Cyber culture in our DNA.

### Strengthen cyber resilience in our operations

Multiple Cyber Assessments were conducted throughout the year to internal business units and major suppliers, that play a critical role on protecting Galp’s digital landscape and critical business processes.

Furthermore, Galp has a permanent Red Team evaluating the Cyber Resilience of its Digital landscape and business processes. This team has conducted multiple assessments as well as one yearly Cyber Crisis Simulation (including both Operational and Management/ExCom members) to test Galp’s Cyber Crisis readiness. We also invested significantly in enhancing the cyber resilience of our industrial areas (OT – Operational Technology), following the recent threat landscape evolution for the energy sector in Europe.

Galp ensures a 24/7 response capability to cyber incidents through its CSIRT (Cyber Security Response Team), guarantying its resilience through coordinating the response to incidents that affect the organisation. We also identify and monitor lessons learned, as a way of continuously improving the organisations cyber security, and proactively exchange threat information with authorities and peers.

### Incorporate Cyber culture in our DNA

According to Bitsight (a Cyber Ratings company), Galp is currently positioned within the Top 10% companies of the Global Energy Sector in terms of its Cybersecurity posture. An assessment during 2022, by an external party, also confirmed that Galp’s Cyber Maturity Level stands above the global cyber maturity benchmark.

Several initiatives were launched to raise awareness among employees to the cyber threats that emerged in this context, as well as public alerts to customers and society in general, regarding situations in which cyber criminals tried to take advantage of Galp’s reputation for carrying out cyber fraud attempts. Galp continued to invest in promoting a Cyber Culture program through its “CyberOn” brand. Apart from dozens of awareness contents, campaigns, and trainings – inc. regular phishing exercises – a new Cyber Gamification platform is being implemented to explore other Cybersecurity gaps and measure the effectiveness of the awareness and trainings contents being developed through this adaptive learning approach. Also aligned with our goal of incorporating cyber culture in our DNA, we’ll have from 2023 onwards mandatory trainings on cybersecurity topics.

This year a new Cyber Roadmap has been developed, for the period of 2023-2024, with several initiatives and projects aiming to bring Galp’s Cyber Maturity in line with the Global Top Quartile for all sectors, including the definition of a new value-at-risk approach and value assurance unit, to ensure risk-based focus and prioritization of investments and initiatives.

### Guidebook for a Cyber-Resilient Energy transition

Galp contributed to development of this guidebook, together with our peers at the World Economic Forum, thus promoting a more sustainable and safer world.